

JOINT-STOCK COMPANY BELGRADE "NIKOLA TESLA" AIRPORT

Announces:



Annual business report

Pursuant to article 50 of the Law on the Capital Market (Official Gazette of RS No.31/2011) and the Rule of content, form and manner of announcement of annual, semi-annual and quarter reports of public companies (Official Gazette of RS No.14/2012) published by the Committee for Securities.

YEAR

2012



Contents of report

1. Financial statement

- Balance sheet
- Income sheet
- Cash flow statement
- Statement on changes in capital
- Notes to financial statement

2. Business report

3. Audit report

4. Statement of responsible persons

- Financial statements for 2012, Audit reports have not been adopted by the Assembly of the Company and it will be put on the agenda of the Annual Assembly Meeting, which will be held in June 2013.



JSC BELGRADE NIKOLA TESLA AIRPORT

ANNUAL BUSINESS REPORT

In accordance with Article 50 of the Capital Market Act (Official Gazette of RS No. 31/2011) and in accordance with the Regulations on the content, form and manner of publication of annual, semi-annual and quarterly reports of public companies (Official Gazette of RS No. 14/2012) published by the Commission for Securities.

2012

Content of the report:

1. Financial statements
 - Balance Sheet
 - Income Sheet
 - Cash Flow Statement
 - Statement on changes in capital
 - Notes to the financial statements

 2. Report on company operations

 3. Auditor's report

 4. Statement by responsible persons
- Financial statements for 2012 and the Auditor's report are not adopted at the Company's General Assembly, and will be on the agenda of the annual general meeting to be held in June 2013.



JSC BELGRADE NIKOLA TESLA AIRPORT
11180 BELGRADE 59
Register no. 07036540
TIN 100000539

FINANCIAL STATEMENTS FOR 2012

1. BALANCE SHEET ON 31/12/2012
2. INCOME SHEET FOR 2012
3. CASH FLOW STATEMENT FOR 2012
4. STATEMENT ON CHANGES IN CAPITAL FOR 2012
5. STATISTICAL ANNEX FOR 2012
6. NOTES TO THE FINANCIAL STATEMENTS FOR 2012

Belgrade, February 18, 2013

The Republic of Serbia
Serbian Business Registers Agency
Register of financial statements
and solvency data

Application for registration
of the financial statements

DATA ON THE TAXPAYER

Business name: JSC Belgrade Nikola Tesla Airport
Registration No: 07036540 TIN 100000539 Municipality Surčin
City of Belgrade zip code 11271
Street 11180 Beograd number 59

TYPE OF FINANCIAL STATEMENTS

full annual financial report for 2012

CLASSIFICATION

In accordance with Article 7 of the Law on Accounting and Auditing, based on data from the financial statements for 2012, the taxpayer has been classified as a large legal entity.

HOW TO SUBMIT INFORMATION ON IDENTIFIED GAPS / CERTIFICATE OF REGISTRATION

Method of delivery: to the registered address of the taxpayer

Name

Municipality

Place

zip code

Street

number

DETAILS OF THE PERSON RESPONSIBLE FOR THE PREPARATION OF FINANCIAL STATEMENTS

Name and surname 2206954715234 – Zorka Latinović

Place: Belgrade

Street: 11180 Beograd Number: 59

E-mail: zorka.latinovic@beg.aero

STATEMENT: I guarantee the accuracy of the data entered

Legal representative of the taxpayer

Handwritten signature

Name

Velimir

Surname

Radosavljević

Personal

Identification Number 0809958710163

Application number: 416593

BALANCE SHEET on 31/12/201

in thousand RSD

Group of accounts, account	POSITION	ADP	Note no.	A m o u n t	
				Current year 31/12/2012	Previous year 31/12/2011
1	2	3	4	5	6
	ASSETS				
	A. NON-CURR. ACT. PROPER. (002+003+004+005+009)	001		21,196,730	20,551,656
00	I. NON-PAID UP SUBSCRIBED CAPITAL	002			
012	II. GOODWILL	003			
01 without 012	III. INTANGIBLE INVESTMENTS	004	17	7,723	6,234
	IV. REAL ESTATES, PLANTS , EQUIPMENT AND BIOLOGICAL AGENCIES (006+007+008)	005	17	21,020,173	20,449,408
020,022,023,026, 027(part), 028(part), 029	1. Property, plants and equipment	006	17	20,999,029	20,434,510
024, 027(part), 028 (part)	2. Investment property	007	17	20,794	14,476
021, 025, 027(part), 028(part)	3. Biological agencies	008	17	350	422
	V. LONG-TERM FINANCIAL INVESTMENTS (010+011)	009		168,834	96,014
030 to 032, 039(part)	1. Share in capital	010	18	103	205
033 to 038, 039 (part), minus 037	2. Other long-term financial investments	011	18a	168,731	95,809
	B. TURNOVER PROPERTY (013+014+015)	012		3,717,145	4,508,114
10 to 13, 15	I. STOCKS	013	19	160,014	156,623
14	II. NON-CURRENT ASSETS INTENDED FOR SALE AND ASSETS OF OPERATION DISCONTINUED	014		-	-
	III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (016+017+018+019+020)	015		3,557,131	4,351,491
20, 21 and 22 except 223	1. Receivables	016	20	1,446,716	1,611,954
223	2. Receivables of amount paid above income-tax	017		26,244	43,248
23 minus 237	3. Short-term financial investments	018	21	1,696,340	2,478,614
24	4. Cash and cash equivalents	019	22	214,383	73,304
27 and 28 except 288	5. VAT and prepayments and accrued income	020	23	173,448	144,371
288	V. DEFERRED TAX LIABILITIES	021		-	-
	G. BUSINESS PROPERTY (001+012 +021)	022		24,913,875	25,059,770
29	D. LOSS ABOVE CAPITAL AMOUNT	023			
	Dj. TOTAL ASSETS (022+023)	024		24,913,875	25,059,770
88	E. OFF-BALANCE ASSETS	025	35	484,704	363,186

Group of accounts, account	POSITION	ADP	Note no.	Amount	
				Current year 31/12/2012	Previous year 31/12/2011
1	2	3	4	5	6
	OBLIGATIONS				
	A. CAPITAL (102+103+104+105+106-107+108-109-110)	101		22,598,763	22,914,998
30	I. CORE CAPITAL	102	24	20,573,610	20,573,610
31	II. NON-PAID UP SUBSCRIBED CAPITAL	103		-	-
32	III. RESERVES	104	25	1,297,787	761,355
330 and 331	IV. REVALUATION RESERVES	105		-	-
332	V. NON-REALISED INCOMES FROM SECURITIES	106		-	-
333	VI. NON-REALISED LOSSES FROM SECURITIES	107	26	291	260
34	VII. NON-DISTRIBUTED PROFIT	108	27	727,657	1,580,293
35	VIII. LOSS	109		-	-
037 and 237	IX . REPURCHASED OWN SHARES	110		-	-
	B. LONG-TERM RESERVES AND LIABILITIES (112+113+116)	111		1,875,683	1,850,734
40	I. LONG-TERM RESERVES	112	28	211,708	167,874
41	II. LONG-TERM LIABILITIES (114+115)	113		1,128,463	1,251,967
414,415	1. Long-term loans	114	29	1,025,616	1,034,742
41 without 414 and 415	2. Other long-term liabilities	115	30	102,847	217,225
	III. SHORT-TERM LIABILITIES (117+118+119+120+121+122)	116		535,512	430,893
42 except 427	1. Short term liabilities	117	31	222,822	177,419
427	2. Liabilities from assets intended for sale and assets of operation discontinued	118		-	-
43 and 44	3. Business liabilities	119	32	247,245	194,478
45 and 46	4. Other short-term liabilities	120	33	3,217	1,101
47, 48 except 481 and 49 except 498	5. Liabilities from VAT and other public revenues and accrued costs and deferred revenues	121	34	62,228	57,895
481	6. Liabilities from profit-tax	122		-	-
498	V DEFERRED TAX LIABILITIES	123	36	439,429	294,038
	G. TOTAL OBLIGATIONS (101+111+123)	124		24,913,875	25,059,770
89	D. OFF-BALANCE SHEET LIABILITES	125	35	484,704	363,186

In Belgrade on 19.02.2013

Person responsible for preparation
of the financial statements—

Zorka Latinovic
Zorka Latinovic



Legal representative
Velimir Radosavljevic
Velimir Radosavljevic

Form prescribed by the Rules on the content and form of financial statements for companies, cooperatives, other legal entities and entrepreneurs ("RS Official Gazette", br.114/06, 5/07, 119/08, 2/10, 101/12 and 118/12)

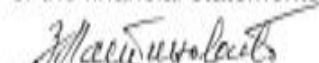
INCOME SHEET in period from 01/01/2012 to 31/12/2012

Group of accounts, account	POSITION	ADP	Note no.	A m o u n t in thousand RSD	
				Current year	Previous year
				31.12.2012	31.12.2011
1	2	3	4	5	6
	A. REVENUES AND EXPENDITURES FOR REGULAR BUSINESS				
	I. OPERATING REVENUES (202+203+204+205+206)	201		6,347,602	5,988,322
60 and 61	1. Revenues from sale of goods	202	5	5,860,821	5,544,982
62	2. Revenue from consumption of own products	203			
630	3. Increase in value of inventories	204			
631	4. Decrease in value of inventories	205			
64 and 65	5. Other operating revenues	206	5a	513,781	443,340
	II. OPERATING EXPENDITURES (208 to 212)	207		4,220,731	3,718,060
50	1. Purchase value of sold goods	208	6	333,270	529,293
51	2. Costs of materials	209	7	491,298	373,933
52	3. Costs of salaries, salary compensations, and other personal expenses	210	8	1,092,467	888,703
54	4. Costs of amortization and reservations	211	9	745,182	666,148
53 and 55	5. Other operating expenditures	212	10	1,558,514	1,259,983
	III. BUSINESS REVENUE (201-207)	213		2,153,871	2,270,262
	IV. BUSINESS LOSS (207-201)	214			
66	V. FINANCIAL REVENUES	215	11	496,527	337,596
56	VI. FINANCIAL EXPENDITURES	216	12	302,063	256,853
67 and 68	VII. OTHER REVENUES	217	13	400,372	75,284
57 and 58	VIII. OTHER EXPENDITURES	218	14	1,819,543	759,040
	IX. PROFIT FROM REGULAR OPERATING BEFORE TAX (213-214+215-216+217-218)	219		929,164	1,667,249
	X. LOSS FROM REGULAR OPERATING BEFORE TAX (214-213-215+216-217+218)	220			
69 - 59	XI. NET PROFIT OF OPERATIONS DISCONTINUED	221			
59 - 69	XII. NET LOSS OF OPERATIONS DISCONTINUED	222			
	B. PROFIT BEFORE TAX(219-220+221-222)	223	15	929,164	1,667,249
	V. LOSS BEFORE TAX(220-219+222-221)	224			

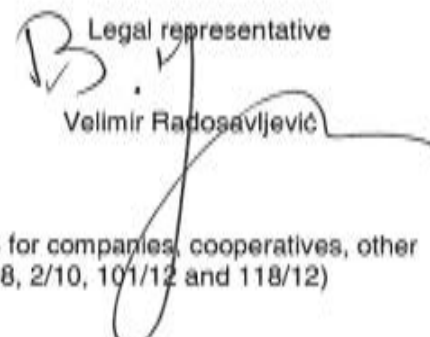
Group of accounts, account	POSITION	ADP	Note no.	Amount in thousand RSD	
				Current year	Previous year
				31.12.2012	31.12.2011
1	2	3	4	5	6
	G. PROFIT TAX				
721	1. Period tax expenditure	225	15	56,116	89,846
722	2. Deferred period tax expenditure	226	36	145,391	0
722	3. Deferred period tax revenue	227	36	0	2,890
723	D. Paid-up personal receiving to employer	228			
	D. NET PROFIT (223-224-225-226+227-228)	229	27	727,657	1,580,293
	E. NET LOSS (224-223+225+226-227+228)	230			
	Ž. NET PROFIT FOR MINORITY INVESTORS	231			
	Z. NET PROFIT FOR OWNERS OF PARENT LEGAL ENTITY	232			
	I. PROFIT PER SHARE				
	1. Basic profit per share	233			
	2. Diluted profit per share	234			
	TOTAL REVENUES (201+215+217)				
	TOTAL EXPENDITURES (207+216+218)				

In Belgrade on 19.02.2013

Person responsible for preparation
of the financial statements


Zorka Latinović



 Legal representative

Velimir Radosavljević

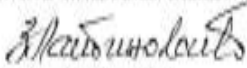
Form prescribed by the Rules on the content and form of financial statements for companies, cooperatives, other legal entities and entrepreneurs ("RS Official Gazette", br.114/06, 5/07, 119/08, 2/10, 101/12 and 118/12)

CASH FLOW STATEMENT in period from 01/01/2012 till 31/12/2012

<i>POSITION</i>	<i>ADP</i>	Amount (in thousand RSD)	
		Current year	Previous year
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
A. CASH FLOWS FROM BUSINESS ACTIVITY			
I. Cash inflow from business activities (1 to 3)	301	5,771,242	5,717,301
1. Sale and received advance payments	302	5,171,538	5,131,510
2. Interests received from business activity	303	3,429	3,344
3. Other inflows from regular operations	304	596,275	582,447
II. Cash outflow from business activities (1 to 5)	305	4,145,035	3,877,382
1. Payments for suppliers and given advance payments	306	2,662,306	2,397,443
2. Salaries, salary compensations and other personal expenses	307	1,095,511	892,967
3. Paid interest	308	68,473	73,142
4. Income-tax	309	39,111	167,349
5. Payment from other public revenues	310	279,634	346,481
III. Net cash inflow from business activities (I - II)	311	1,626,207	1,839,919
IV. Net cash outflow from business activities (II - I)	312		
B. CASH FLOW FROM INVESTMENT ACTIVITIES			
I. Cash inflow from investment activity (1 to 5)	313	1,142,816	145,300
1. Sale of shares and portions (net inflows)	314		
2. Sale of intangible investments, properties, plants, equipment and biological agencies	315	5,868	4,136
3. Other financial investments (net inflows)	316	1,008,008	0
4. Interests received from investment activities	317	128,940	141,164
5. Dividends received	318		
II. Cash outflows from investment activities (1 to 3)	319	1,427,784	814,737
1. Purchase of shares and portions (net outflows)	320		
2. Purchase of intangible investments, properties, plants, equipment and biological agencies	321	1,427,784	531,969
3. Other financial investments (net outflows)	322		282,768
III. Cash net inflow from investment activities (I - II)	323		
IV. Cash net outflow from investment activities (II - I)	324	284,968	669,437
V. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities (1 to 3)	325		
1. Core capital increase	326		
2. Long-term and short-term loans (net inflows)	327		
3. Other long-term and short-term liabilities	328		
II. Cash outflow from financing activities (1 to 4)	329	1,235,223	1,355,409
1. Redemption of own shares and portions	330		
2. Long-term and short-term loans and other liabilities (net outflows)	331	103,420	91,897
3. Financial leasing	332	87,249	88,237
4. Paid-up dividends	333	1,044,554	1,175,275
III. Cash net inflow from financing activities (I - II)	334		
IV. Cash net outflow from financing activities (II - I)	335	1,235,223	1,355,409
G. OVERALL CASH INFLOW (301+313+325)	336	6,914,058	5,862,601
D. OVERALL CASH OUTFLOW ((305+319+329)	337	6,808,042	6,047,528
Đ. NET CASH INFLOW ((336-337)	338	106,016	0
E. NET CASH OUTFLOW (337-336)	339	0	184,927
Ž. CASH AT THE BEGINNING OF ACCOUNTING PERIOD	340	73,304	259,206
Z. POSITIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	341	39,913	18,103
I. I. NEGATIVE EXCHANGE RATE DIFFERENCES FROM CASH CONVERSION	342	4,850	19,078
J. CASH AT THE END OF ACCOUNTING PERIOD (338-339+340+341-342)	343	214,383	73,304

In Belgrade on 19.02.2013

Person responsible for preparation
of the financial statements


Zorka Latinović



Legal representative


Velimir Radosavljević

Form prescribed by the Rules on the content and form of financial statements for companies, cooperatives, other legal entities and entrepreneurs ("RS Official Gazette", br.114/06, 5/07, 119/08, 2/10, 101/12 and 118/12)

STATEMENT ON CHANGES IN CAPITAL
in the period from 01.01.2012 to 31/12/2012

in thousand RSD

No.	Description	Core capital (30 without 309)	Other capital (309)	Non-paid subscribed capital (31)	Issue premium (320)
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
1	Balance on 01/01 of the previous year of 2011	20,573,610	0	0	0
2	Correction of materially significant errors and changes of accounting policies in previous year-increase	0	0	0	0
3	Correction of materially significant errors and changes of accounting policies in previous year-decrease	0	0	0	0
4	Corrected initial balance on January 1st of the previous year of 2011 (1+2-3)	20,573,610	0	0	0
5	Total increase in the previous year	0	0	0	0
6	Total decrease in the previous year	0	0	0	0
7	Balance on 31/12 of the previous year of 2011 (4+5-6)	20,573,610	0	0	0
8	Correction of materially significant errors and changes of accounting policies in current year-increase	0	0	0	0
9	Correction of materially significant errors and changes of accounting policies in current year-decrease	0	0	0	0
10	Corrected initial balance on January 1st of the current year 2012 (7+8-9)	20,573,610	0	0	0
11	Total increase in the current year	0	0	0	0
12	Total decrease in the current year	0	0	0	0
13	Balance on 31/12 of the current year of 2012 (10+11-12)	20,573,610	0	0	0

No.	Description	Reserves (321 and 322)	Reserves (330 and 331)	Non-realized profits from securities (332)	Non-realized losses from securities (333)
	1	6	7	8	9
1	Balance on 01/01 of the previous year of 2011	0	0	0	73
2	Correction of materially significant errors and changes of accounting policies in previous year-increase	0	0	0	0
3	Correction of materially significant errors and changes of accounting policies in previous year-decrease	0	0	0	0
4	Corrected initial balance on January 1st of the previous year of 2011 (1+2-3)	0	0	0	73
5	Total increase in the previous year	761,355	0	0	187
6	Total decrease in the previous year	0	0	0	
7	Balance on 31/12 of the previous year of 2011 (4+5-6)	761,355	0	0	260
8	Correction of materially significant errors and changes of accounting policies in current year-increase	0	0	0	0
9	Correction of materially significant errors and changes of accounting policies in current year-decrease	0	0	0	0
10	Corrected initial balance on January 1st of the current year 2012 (7+8-9)	761,355	0	0	260
11	Total increase in the current year	536,432	0	0	31
12	Total decrease in the current year	0	0	0	
13	Balance on 31/12 of the current year of 2012 (10+11-12)	1,297,787	0	0	291

No.	Description	Non-distributed profit (34)	Loss below capital amount (35)	Repurchase d own shares and portions (037 and 237)	Total (2+3+4+5+6+7+8-9+10-11-12)	Loss above capital amount (29)
	1	10	11	12	13	14
1	Balance on 01/01 of the previous year of 2011	1,937,323	0	0	22,510,860	
2	Correction of materially significant errors and changes of accounting policies in previous year-increase	0	0	0	0	
3	Correction of materially significant errors and changes of accounting policies in previous year-decrease	0	0	0	0	
4	Corrected initial balance on January 1st of the previous year of 2011 (1+2-3)	1,937,323	0	0	22,510,860	
5	Total increase in the previous year	1,580,293			2,341,461	
6	Total decrease in the previous year	1,937,323			1,937,323	
7	Balance on 31/12 of the previous year of 2011 (4+5-6)	1,580,293	0	0	22,914,998	
8	Correction of materially significant errors and changes of accounting policies in current year-increase		0	0		
9	Correction of materially significant errors and changes of accounting policies in current year-decrease		0	0		
10	Corrected initial balance on January 1st of the current year 2012 (7+8-9)	1,580,293	0	0	22,914,998	
11	Total increase in the current year	727,657			21,264,058	
12	Total decrease in the current year	1,580,293			1,580,293	
13	Balance on 31/12 of the current year of 2012 (10+11-12)	727,657	0	0	22,598,763	

In Belgrade on 19.02.2013

Person responsible for preparation of the financial statements

Zorka Latinovic
Zorka Latinovic



Legal representative

Velimir Radosavljevic
Velimir Radosavljevic

Form prescribed by the Rules on the content and form of financial statements for companies, cooperatives, other legal entities and entrepreneurs ("RS Official Gazette", br.114/06, 5/07, 119/08, 2/10, 10/12 and 118/12)

**STATISTICAL ANNEX
for 2012**

I GENERAL DATA ON LEGAL ENTITY OR INTREPRENEUR

DESCRIPTION	ADP	Current year	Previous year
1	2	3	4
1. Number of operating months	601	12	12
2. Size designation (from 1 to 3)	602	3	3
3. Property designation (from 1 to 5)	603	4	4
4. Number of foreign (natural or legal) persons who have a share in capital	604	53	224
5. Average number of employees at the end of the month (an integer)	605	453	421

II GROSS CHANGES IN INTEGIBLE INVESTENTS AND REAL-ESTATES, PLANTS, EQUIPMENT AND BIOLOGICAL AGENCIES

In thousand RSD

Group of accounts, account	Description	ADP	Gross	Value correction	Net (coll.4-5)
1	2	3	4	5	6
01	1. Intangible investments				
	1.1 Balance at the beginning of the year	606	28824	22,590	6,234
	1.2 Increase in supply during the year	607	3819	xxxxx	3,819
	1.3 Decrease during the year	608	0	xxxxx	2,330
	1.4 Revaluation	609		xxxxx	
	1.5 Balance at the end of year (606+607+608+609)	610	32643	24,920	7,723
02	2 Real-estates, plants, equipment and biological agencies				
	2.1 Balance at the beginning of the year	611	21,795,786	1,346,378	20,449,408
	2.2 Increase of supply during the year	612	1,233,194	xxxxx	1,233,194
	2.3 Decrease during the year	613	9,117	xxxxx	668,675
	2.4 Revaluation	614	6,246	xxxxx	
	2.5 Balance at the end of the year (611+612+613+614)	615	23,026,109	2,005,936	21,020,173

III STOCK STRUCTURE

In thousand RSD

Group of accounts, account	Description	ADP	Current year	Previous year
1	2	3	4	5
10	1. Stock of materials	616	102,152	105,628
11	2. Unfinished production	617		
12	3. Finished products	618		
13	4. Goods	619	54,072	46,791
14	5. Assets held for sale	620		
15	6. Prepayments	621	3,790	4,204
	7. TOTAL (616+617+618+619+620+621=013+014)	622	160,014	156,623

IV CORE CAPITAL STRUCTURE

In

thousand RSD

Group of accounts, account	Description	ADP	Current year	Previous year
1	2	3	4	5
300	1 Share capital	623	20,573,610	20,573,610
	In which: foreign capital	624	720,491	264,801
301	2 Shares of a limited liability company	625		
	In which: foreign capital	626		
302	3 Stakes of the members of partnership and limited partnership	627		
	In which: foreign capital	628		
303	4 State capital	629		
304	5 Socially-owned capital	630		
305	6 Cooperative share	631		
309	7 Other core capital	632		
30	TOTAL (623+625+627+629+630+631+632=102)	633	20,573,610	20,573,610

V SHARE CAPITAL STRUCTURE

- number of shares as an integer
- In thousand RSD

Group of accounts, account	Description	ADP	Current year	Previous year
1	2	3	4	5
	1 Ordinary shares			
	1.1 Number of ordinary shares	634	34,289,350	34,289,350
Part 300	1.2 Nominal value of ordinary shares - total	635	20,573,610	20,573,610
	2 Preference shares			
	2.1 Number of preference shares	636		
Part 300	2.2 Nominal value of preference shares - total	637		
300	3 TOTAL – nominal value of shares (635+637=623)	638	20,573,610	20,573,610

VI RECEIVABLES AND LIABILITIES

in thousand RSD

Group of accounts, account	Description	ADP	Current year	Previous year
1	2	3	4	5
20	1. Trade receivables (balance at the end of year 639<=016)	639	1,415,905	1,578,800
43	2. Business liability (balance at the end of year 640<=119)	640	247,245	194,478
Part 228	3. Receivables during the year from insurance companies for damages (debit transactions without opening balance)	641	1,201	25,856
27	4. Value added tax – input tax (annual amount per tax return)	642	542,386	333,583
43	5. Business liabilities (credit transactions without opening balance)	643	4,658,742	3,376,025
450	6. Net salaries and wages (credit transactions without opening balance)	644	448,723	365,163
451	7. Liability for tax on salaries and wages for the employees (credit transactions without opening balance)	645	70,863	57,341
452	8. Contributions on salaries and wages for the employees (credit transactions without opening balance)	646	112,954	91,811
461, 462 abd 723	9. Liability for dividends, profit sharing and personal income of the employer (credit transactions without opening balance)	647	1,043,861	1,175,968
465	10. Liabilities to natural persons for compensation under the contract (credit transactions without opening balance)	648	1,943	2,182
47	11. VAT liabilities (annual amount per tax return)	649	717,664	622,205
	12. Checksum (from 639 to 649)	650	9,261,487	7,823,412

VII OTHER COSTS AND EXPENSES

in thousand RSD

Group of accounts, account	Description	ADP	Current year	Previous year
1	2	3	4	5
513	1. Fuel and energy costs	651	236,539	209,384
520	2. Salaries and wages (gross)	652	632,540	514,315
521	3. Taxes and contributions on salaries and wages paid by the employer	653	112,954	91,811
522,523,524,525	4. Costs of wages to natural persons on contract basis (gross)	654	274,121	233,846
526	5. Costs of compensation for members of management and supervisory board (gross)	655	12,447	11,231
529	6. Other personal expenses and fees	656	60,405	37,500
53	7. Costs of production services	657	1,051,935	846,715
533, part 540 and 525	8. Rental costs	658	4,716	4,572
Part 533, part 540 and 525	9. Land rental costs	659	158	158
536, 537	10. Search and development costs	660	4,857	0
540	11. Depreciation costs	661	670,773	634,384
552	12. Insurance premium	662	26,575	20,921
553	13. Costs of payments	663	5,619	6,899
554	14. Membership fees	664	4,227	3,649
555	15. Tax costs	665	75,853	73,978
556	16. Contribution costs	666		
562	17. Interest expenses	667	72,051	77,452
Part 560, part 561 and part 562	18. Interest expenses and part of financial expenses	668	72,051	77,452
Part 579	19. Interest expenses on loans from banks	669	68,453	72,552
	20. Expenditures for humanitarian, cultural, health, educational, and religious purposes, for the protection of the Environment and sporting purposes	670	18,679	18,653
	21 Checksum (from 651 to 670)	671	3,404,953	2,935,472

VIII OTHER INCOMES

in thousand RSD

Group of accounts, account	Description	ADP	Current year	Previous year
1	2	3	4	5
60	1. Revenues from sales of goods	672	360,063	562,294
640	2. Income from premiums, subsidies, grants, allowances, compensations and tax levies	673		
641	3. Income from conditional grants	674	320	0
Part 650	4. Revenues from land lease	675	1,308	1,286
651	5. Income from membership fees	676		
Part 660, part 661, 662	6. Interest income	677	126,098	145,135
Part 660, part 661 and part 662	7. Interest income on accounts and deposits with banks and other financial institutions	678	123,242	140,772
Part 660, part 661 and part 669	8. Dividends and profit share	679		
	9. Checksum (672 to 679)	680	611,031	849,487

IX OTHER DATA

in thousand RSD

Description	ADP	Current year	Previous year
1	2	3	4
1 Excise duties (according to the annual accounts for excise)	681		
2 Collected customs duties and other import charges (the total annual amount as calculated)	682	1,263	1,025
3 Capital subsidies and other government grants for construction and purchase of fixed assets and intangible assets	683		
4 State subsidies for premiums, allowances and cover of operational costs	684		
5 Other state subsidies	685		
6 Received foreign grants and other grants in cash or in kind from foreign legal entities and individuals	686		
7 Personal income of entrepreneurs from net profit (only for entrepreneurs)	687		
8 Checksum (from 681 to 687)	688	1,263	1,025

X DEFERRED NET NEGATIVE EFFECTS OF FOREIGN CURRENCY CLAUSE AND EXCHANGE DIFFERENCES

in thousand RSD

Description	ADP	Current year	Previous year
1	2	3	4
1 Opening balance of deferred net effect of foreign currency clause	689		
2 Deferred net effect of foreign currency clause	690		
3 Proportionate share of abolished deferred net effect of foreign currency clause	691		
4 The remaining amount of deferred net effect of foreign currency clause (Ser.no.1 + ser.no.2+ ser.no.3)	692		
5 Opening balance of deferred net effect of exchange rate differences	693		
6 Deferred net effect of exchange rate differences	694		
7 Proportionate share of abolished deferred net effect of exchange rate differences	695		
8 The remaining amount of deferred net effect of exchange rate differences (ser.no.5+ser.no.6+ser.no.7)	696		

XI DEFERRED NET POSITIVE EFFECTS OF FOREIGN CURRENCY CLAUSE AND EXCHANGE DIFFERENCES

in thousand RSD

Description	ADP	Current year	Previous year
1	2	3	4
1 Opening balance of deferred net effect of foreign currency clause	697		
2 Deferred net effect of foreign currency clause	698		
3 Proportionate share of abolished deferred net effect of foreign currency clause	699		
4 The remaining amount of deferred net effect of foreign currency clause (Ser.no.1 + ser.no.2+ ser.no.3)	700		
5 Opening balance of deferred net effect of exchange rate differences	701		
6 Deferred net effect of exchange rate differences	702		
7 Proportionate share of abolished deferred net effect of exchange rate differences	703		
8 The remaining amount of deferred net effect of exchange rate differences (ser.no.5+ser.no.6+ser.no.7)	704		

In Belgrade on 19.02.2013

Person responsible for preparation
of the financial statements

Zorka Latinović
Zorka Latinović



Legal representative

Velimir Radosavljević
Velimir Radosavljević

Form prescribed by the Rules on the content and form of financial statements for companies, cooperatives, other legal entities and entrepreneurs ("RS Official Gazette", br.114/06, 5/07, 119/08, 2/10, 101/12 and 118/12)



JSC BELGRADE NIKOLA TESLA AIRPORT
11180 BELGRADE 59
Register no. 07036540
TIN 100000539

NOTES FOR FINANCIAL STATEMENT FOR THE YEAR 2012

Belgrade, February 18, 2013

1. FOUNDING AND OPERATION OF THE COMPANY

1.1. General data of the company

The Joint Stock Company Airport Nikola Tesla Belgrade (hereinafter: the Company) has been established for provision of airport services (aircraft landing, take-off, taxing and parking and aircraft, passenger and cargo handling). Apart from the basic activity, Airport Nikola Tesla JSC Belgrade, as side activities, provides other services at airport complex, satisfying the needs of service users, domestic and foreign air carriers.

Whilst operation of the Airport dates back to March 25, 1928, at the location on Bežanijska kosa, operation on the current location (Surčin) started in 1962.

By a Decision of the Government of Republic of Serbia from 1992, the Airport was re-registered as Javno preduzeće (public company) Aerodrom „Beograd“ and in 2006, also by a decision of the Government it got the name JP Aerodrom „Nikola Tesla“

The Government of Republic of Serbia on 17/06/2010 made the Decision no. 023-4432/2010, on change of legal form of JP Aerodrom "Nikola Tesla" Beograd from a public company into closed joint stock company. The change of legal form is registered with the Registers Agency on 22/06/2010 by the Rescript no. BD 68460/2010.

After the change of legal form the company continued its business under the full name Akcionarsko društvo Aerodrom "Nikola Tesla" Beograd.

By the Rescript of the Registers Agency no: BD 7651/2011 dated on 24/01/2011, Akcionarsko društvo Aerodrom Nikola Tesla Beograd was registered as an open joint stock company.

Head-office	Belgrade 59, 11180 Surčin
Register number	07036540
Tax identification number	100000539
Activity code and name	5223-Air-traffic services

According to the classification criteria from the Law on accounting and audit AD Aerodrom "Nikola Tesla" Beograd is classified as a large legal person.

On 31/12/2011 the Company had 435 employees (averagely during 2011-421 employees, and on 31/12/2012 464 employees (averagely during the period I-XII 2012-453 employees).

1.2. Management structure

The Company has established two-tier management system. The Bodies of the Company are the Assembly, the Supervisory Board and the Executive Board.

The Assembly comprises of the company Shareholders entitled to participate in Assembly work. The Shareholder, in possession of 10% of ordinary shares (34,289 shares) is entitled to participate in Assembly work.

The Supervisory Board has 7 members assigned by the Assembly of the Company. The Supervisory Board may form different experts committees with at least three members, whereof one is a member of the Supervisory Board.

The Executive Board has 4 executive directors including the General Director. The Executive directors are assigned by the Supervisory Board of the Company.

1.3. Ownership

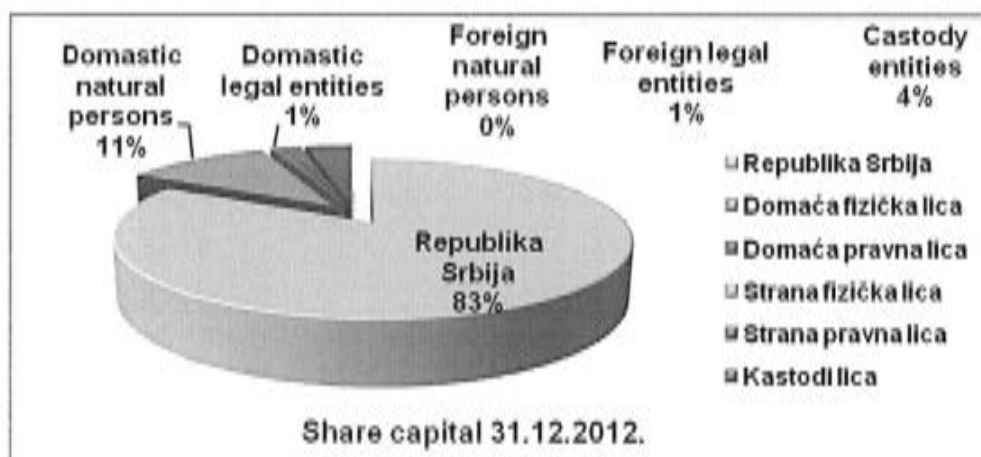
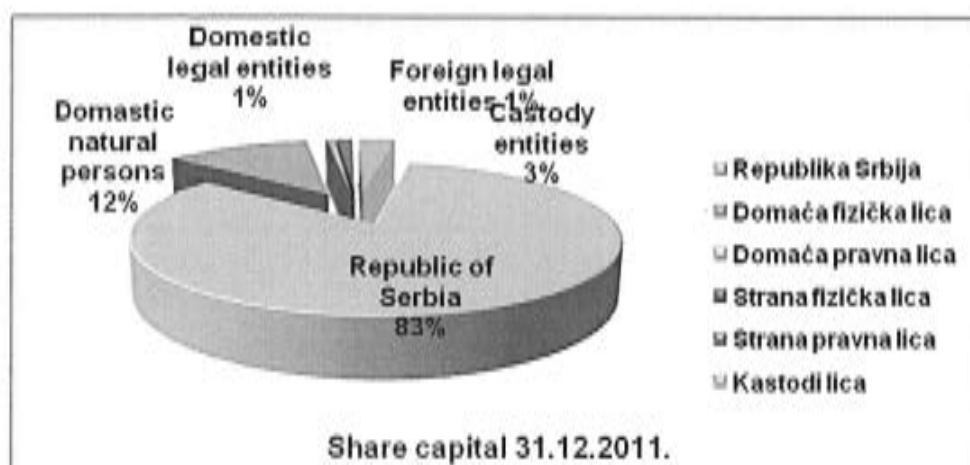
After change of legal form into a closed joint stock company, the Central depository and clearing house registered on 07/07/2010, 34,289,350 shares, 100% in ownership of Republic of Serbia.

The Government of Republic Serbia, on 09/12/2010 made the Decision no. 023-9103/2010-1, by which citizens of Republic of Serbia, the employees and former employees of the Company have acquired the right to 16.85% of ownership of the Company. After transfer of the right to free of charge shares to citizens, employees and former employees, Republic of Serbia owns 28,511,988 ordinary shares, which represents 83.15% of the total share capital of the Company.

By the Decision on admission of shares to Prime Listing 04/4 no. 478/11 dated on 28/01/2011, the shares of the Company are accepted on 'A' Listing of the Belgrade Exchange Market. Stock trade on the Belgrade Exchange Market commenced on 07/02/2011.

On 25/01/2011, based on data of the central depositing and clearing house, the Company had **4,822,137 shareholders** and on 31/12/2011 it had 3,313,721 shareholders. The biggest shareholders on 31/12/2011 are Republic of Serbia (83%). On 31.12.2012 the company has 3,082,981 shareholders. The largest portion of shares is still with the Republic of Serbia (83%), then domestic and foreign natural persons (11.16%), custody persons (3.63%) and domestic and foreign persons (2.15%).

Portion in number of shares:



2. BASIS FOR COMPOSITION AND PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis for composition and presentation of financial statements

Financial statements for year 2012. have been prepared in accordance with the Law on Accounting and Auditing and approved at the meeting of the Supervisory Board on 25.02.2013.

According to the Law on Accounting and Auditing ("RS Official Gazette" no. 2 of 46 June 2006., And no. 111 of 29 December 2009.), Legal entities and entrepreneurs in the Republic of Serbia are required to maintain their books recognize and assess the assets and liabilities, income and expenses, and to prepare, submit and disclose financial statements in accordance with the laws and professional regulations of the Framework for

the Preparation and Presentation of Financial Statements ("Framework"), International Accounting standards Board ("IAS ") and International financial Reporting Standards ("IFRS ") and interpretations that are an integral part of the standards that were in force at 31 December 2002.

Amendments to IAS, as the new IFRS and related interpretations issued by the International Accounting Standards Board ("IASB") and the Committee on International Financial Reporting Interpretations Committee ("IFRIC"), between 31 December 2002nd to 1 January 2009. , were officially adopted by the Resolution of the Minister of Finance of the Republic of Serbia ("Ministry") and published in the Official Gazette of RS, no. 77 on the 25th October 2010.

However, to the date of these financial statements, not all amendments to IAS / IFRS and IFRIC interpretations were translated that were effective for annual periods beginning on or after 1 January 2009. In addition, the accompanying financial statements are presented in the format prescribed by the accounting framework and content of accounts of companies, cooperatives, other legal entities and entrepreneurs ("RS Official Gazette" br.114/2006, 119/2008, 9 / 2009 4/2010, 3/2011 and 101/2012), which under the law defines the complete set of financial statements that differ from those defined in IAS 1 "Presentation of Financial Statements", and also differ in some respects from the presentation of certain items required under this standard. Standards and Interpretations effective in the current period which have not been officially translated and adopted as standards and interpretations which are not yet in effect are disclosed in Notes 2.2 and 2.3.

In addition, the accounting regulations of the Republic of Serbia deviate from IAS and IFRS in the part of the provisions of IAS 19, "Employee Benefits" as their contribution to profit, in line with the opinion of the Ministry are recorded as a reduction of retained earnings and not charging of the period.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies presented below.

In the preparation of these financial statements, the accounting policies described in Note 3 The financial statements are expressed in thousands of RSD. The dinar is the official reporting currency of the Republic of Serbia.

2.2 Standards and Interpretations effective in the current period which have not been officially translated and adopted

At the date of these financial statements, the following standards and amendments to standards have been issued by the International Accounting Standards and Interpretations have been published by the Committee on International Financial Reporting Interpretations, but not officially adopted by the Republic of Serbia for annual periods beginning 1 January 2012:

- Amendments to IFRS 7 "Financial Instruments: Disclosures" - Amendments improving disclosure of the fair value and liquidity risk (as revised in March 2009, effective for annual periods beginning on or after January 1, 2009.)
- Amendments to IFRS 1 "First-time Adoption of IFRS" - Additional Exemptions for First-time Adopters Amendments relating to the assets in the oil and gas industry and determining whether an arrangement contains a lease (revised in July 2009, effective for annual periods beginning on or after January 1, 2010.)
- Amendments to various standards and interpretations resulting from the annual improvement project of IFRS published on 16 April 2009 (IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16 primarily with a view to removing inconsistencies and clarifying wording (amendments are effective for annual periods beginning on or after January 1, 2010., and the amendment to IFRIC on or after 1 July 2009),
- Amendments to IAS 38 "Intangible Assets" (effective for annual periods beginning on or after July 1, 2009.)

- Amendments to IFRS 2 "Share-based Payment": Amendments resulting from the annual improvement project of IFRS (revised April 2009., Effective for annual periods beginning on or after July 1, 2009.) And amendments relating to payment transactions actions of groups based on cash (revised in June 2009., effective for annual periods beginning on or after January 1, 2010.)
- Amendments to IFRIC 9 "Reassessment of Embedded Derivatives" effective for annual periods beginning on or after 1 July 2009. and IAS 39 "Financial Instruments: Recognition and Measurement" - Embedded Derivatives (effective for annual periods beginning on or after June 30, 2009.)
- IFRIC 18 "Transfers of Assets from Customers" (effective for annual periods beginning on or after July 1, 2009.)
- "Conceptual Framework for Financial Reporting 2010 "being an amendment to the" Framework for the Preparation and Presentation of Financial Statements "(effective date on or after September 2010.).
- Amendments to IFRS 1 "First-time Adoption of IFRS" - Limited Exemption from Comparative disclosures prescribed in IFRS 7 of first-time Adopters (effective for annual periods beginning on or after 1 July 2010.)
- Amendments to IAS 24 "Related Party Disclosures" - Simplifying the disclosure requirements for persons under the (significant) control or influence government and clarifying the definition of a related party (effective for annual periods beginning on or after January 1, 2011.)
- Amendments to IAS 32 "Financial Instruments: Presentation" - Accounting for rights issues (effective for annual periods beginning on or after 1 February 2010.)
- Amendments to various standards and interpretations "Improvements to IFRSs (2010)" resulting from the annual improvement project of IFRS published on 6 May, 2010. (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with a view to removing inconsistencies and clarifying wording, (most amendments are to be applied for annual periods beginning on or after 1 January 2011.)
- Amendments to IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" Prepaid Minimum Funding Requirement (effective for annual periods beginning on or after January 1, 2011.).
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010.).
- Amendments to IFRS 1 "First-time Adoption of IFRS" - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 1 July 2011.)
- Amendments to IFRS 7 "Financial Instruments: Disclosures"-Transfers of Financial Assets (effective for annual periods beginning on or after January 1, 2011.)
- Amendments to IAS 12 "Income Taxes" - Deferred Tax: Recovery of Underlying Assets for tax (effective for annual periods beginning on or after 1 January 2012.).

2.3 Standards and Interpretations which have not yet come into force

At the date of authorization of these financial statements the following standards, amendments and interpretations were in issue but not yet effective:

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after January 1, 2015 available).
- Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments-Disclosures"-Mandatory Effective Date and Transition Disclosures (effective for annual periods beginning on or after 01 January 2015.)
- IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after January 1, 2013.)
- IFRS 11 "Joint Arrangements" (effective for annual periods beginning on or after January 1, 2013.)
- IFRS 12 "Disclosure of Involvement with Other Entities" (effective for annual periods beginning on or after January 1, 2013.)

- Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and disclosures of interests in other entities: Guidelines on the application of transition" (effective for annual periods beginning on or after January 1, 2013.) ,
- IFRS 13 "Fair Value Measurement" (effective for annual periods beginning on or after January 1, 2013.)
- IAS 27 (as revised in 2011.) "Separate Financial Statements" - (effective for annual periods beginning on or after January 1, 2013.)
- IAS 28 (as revised in 2011.) "Investments in Associates and Joint Ventures" - (effective for annual periods beginning on or after January 1, 2013.)
- Amendments to IFRS 7 "Financial Instruments: Disclosures" - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after January 1, 2013.)
- Amendments to IAS 19 "Employee Benefits" - Improving accounting for post-employment benefits (effective for annual periods beginning on or after January 1, 2013.)
- Amendments to IAS 32 "Financial Instruments: Presentation" - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after January 1, 2014 available).
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after January 1, 2013.)
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" - State loans at an interest rate lower than the market (effective for annual periods beginning on or after January 1, 2013.)
- Amendments to IAS 1 "Presentation of Financial Statements" - Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012.)
- Annual improvements for the period since 2009. the 2011th was issued in May 2012 The (effective for annual periods beginning on or after January 1, 2013.)
- Amendments to IFRS 10, IFRS 12 and IAS-27 Exemption of subsidiaries from consolidation under IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January in 2014).

3. PREVIEW OF IMPORTANT ACCOUNTING POLICIES

Significant accounting policies applied on the financial statements, being the subject of these Notes, are primarily based on the Rulebook on accounting and accounting policies of the Company. If certain accounting aspects are not clearly set out in the Rulebook, applied accounting policies are based on applicative legal, professional and internal regulations.

3.1 Incomes and outcomes

Incomes are disclosed according to invoice value, decreased by discounts given, acknowledged complaints and VAT.

Incomes are recognized in a moment when service is provided or goods are delivered, i.e. when all risks of performed operations are transferred to buyer. For services that are provided for longer period, incomes are recognized in proportion with operation performance.

Outcomes are recognized concurrently with recognition of incomes for which the outcomes arose (concept of causality of incomes and outcomes).

Costs of current maintenance of fixed assets are covered from current incomes.

3.2. Costs of borrowings

Costs of borrowings refer to interests and other costs arising in connection with resource borrowing. According to the relevant provisions of IAS 23, the costs of borrowing that can be directly ascribed to acquisition, assets build-up to be enabled for usage, are included in purchase value or cost value of such assets. Other costs of borrowing are recognized as outcomes of period from which they originate.

3.3. Conversion of foreign exchange amount

Incomes and outcomes according to exchange rate differences and effects of currency clause are registered in balance sheet of the relevant period.

Incomes and outcomes from exchange rate differences are established according to two basis, as follows:

- during the year on the basis of realised (paid) receivables and liabilities in foreign currency at official middle exchange rate of the National Bank of Serbia, on the date of operation change, as realised positive or negative exchange rate differences or realised effects of currency clause, and
- on the date of balance draw up, as a result of application of exchange rates on balance positions (receivables and liabilities on balance date), disclosed in foreign currency, as non-realised positive or negative exchange rate differences or non-realised effects of currency clause at official middle exchange rate of the National Bank of Serbia, on the date of operation change as follows:

	<u>31/12/2012</u>	<u>31/12/2011</u>
EUR middle exchange rate of NBS	RSD 113.7183	RSD 104.6409
USD middle exchange rate of NBS	RSD 86.1763	RSD 80.8662
CHF middle exchange rate of NBS	RSD 94.1922	RSD 85.9121
GBP middle exchange rate of NBS	RSD 139.1901	RSD 124.6022

Certain liabilities disclosed in foreign currency, are converted into RSD applying contracted exchange rate, effective on operation change date (liabilities for long-term loans from EIB, liabilities for housing loans from Piraeus Bank and liabilities for financial leasing from Porsche leasing and Hypo leasing).

The indicated outstanding liabilities were also converted per contracted Euro rate, on the balance date, as follows:

	<u>31/12/2012</u>	<u>31/12/2011</u>
For EIB loan and housing loans from Piraeus Bank:	RSD 114.0595	RSD 104.9548
For liabilities of financial leasing from Porsche leasing:	RSD 115.1966	RSD 106.0012
For liabilities of financial leasing from Hypo leasing:	RSD 115.9927	RSD 106.7660

In the period I-XII 2012 total positive net effect on business result of the Company is achieved in the amount of RSD 140,417 thousand, based on realised and non-realised exchange rate differences and currency clause, as follows:

- Based on realised exchange rate differences, positive net effect in the amount of RSD 246,617 thousand, and
- Based on non-realised exchange rate differences, negative net effect in the amount of RSD 106,200 thousand.

3.4. Real estates, plants, equipment, biological and intangible investments

Initial valuing of real estates, plants, equipment, biological resources and intangible investments is performed upon purchase value. Resource built-up in own setting is recognized upon cost price providing they do not exceed market value. Purchase value consists of invoice value of obtained resources increased by all costs incurred up to their utilization. (IAS 16 Properties, plants and equipment).

After initial recognition, properties, plants and equipment are registered at cost of revaluing reserves, which represents their fair value at the date of revaluing, decreased for total amount of correction value against amortization and total amount of correction value against loss from depreciation (IAS 36 Property value depreciation).

3.5. Amortisation of properties, plants, equipment and intangible investments

Amortisation is calculated for each resource individually according to estimated value of the resource at the beginning of the year, i.e. according to purchase value of the resources activated during the year, by application of proportional method. Calculating of amortization begins on the next day after putting resources into operation.

Amortization rate is based on projected economic service life of properties, plants and equipment and intangible investments.

In the period I-XII 2012 the same amortization rates were applied as in 2011.

DESCRIPTION	31.12.2012 %
Building facilities	
Water and electricity facilities	1.50 – 10.00
Roads, airports and parking lots	2.00 – 12.50
Equipment	
New specific equipment	6.67 – 33.33
Equipment for road traffic	6.67 – 50.00
Equipment for PTT and TV	9.09 – 50.00
Equipment for air traffic	6.67 – 100.00
Measuring and control devices and specific devices	6.67 – 100.00
Laboratory equipment, teaching aids and medical devices	14.29 – 100.00
Electronic, calculating machines and computers	11.11 – 100.00
Furniture and equipment for general purposes	10.00 – 100.00
Equipment for agricultural works	25.00 – 100.00
Equipment under financial leasing	6.67 – 25.00

3.6. Investment property

Initial valuing of investment real estate is carried out per purchase value. After initial recognition, valuing of investment real estate is carried out per value in accordance with IAS 40- investment real estates.

Profit or loss incurred due to change of fair value of investment real estate to lower or higher position is disclosed at cost of other outcomes or in favour of other incomes in accounting period. Such assessment does not affect basis for calculating of amortization according to tax regulations.

3.7. Stocks

Stocks are disclosed per purchase value, i.e. cost value or net sale value, depending on the fact which one is lower.

Net sale value is price for sale of stocks in nominal operation conditions after price decrease by sale costs.

Calculation of stock output is determined by the method of average weighed purchase price.

3.8. Taxes and contributions

Current taxes

Income tax represents amount calculated and paid in accordance with taxing regulations of Republic of Serbia. Final amount of income-tax duty is determined by application of 10%

rate on tax basis determined in tax balance of the Company. Tax basis disclosed in tax balance includes income disclosed in official balance sheet which is corrected for fixed differences defined by taxing regulations of Republic of Serbia. Profit tax rate applied after January 1, 2013 is 15%.

Deferred tax

Deferred tax effects arise as a consequence of difference between basis for amortization calculation according to accounting and tax regulations. Also, this difference accrues on basis of existence of equipment with purchase value in the moment of purchase lower than average gross salary in RS, on basis of non-used tax loan for investments in real estate, plants and equipment and in other cases when there is time difference between tax liability arising and tax payment due date. Deferred tax liabilities are recognized for all chargeable temporary differences, while deferred tax resources are recognized in extent in which it is possible for chargeable profits to be available for usage of deducting temporary differences. Deferred tax resources and liabilities are calculated at the tax rate whose use is expected in the period when the asset is realized or the liability settled. On 31 December 2012, deferred tax resources and liabilities are calculated at the rate of 15% (December 31, 2011: 10%). Deferred income taxes are charged or credited in the income statement, except when it relates to items that are directly credited or charged to capital, and in this circumstance the deferred tax is also recognized within the capital.

Taxes and contributions independent of results

Taxes and contributions independent of results include real estate and other taxes and contributions in line with republic, tax and general regulations. These taxes and contributions are disclosed within other business expenditures.

3.9. Benefits for employees

Taxes and contributions for salaries and reimbursements

In line with regulations applicative in Republic of Serbia, the Company pays contributions to state funds which provide social security of employees. Such obligations include contributions for employees at cost of employer in amounts calculated at rates proscribed by relevant regulations. The company is, also obliged to suspend contributions from gross salaries of employees and pay that, in name of employees, to those funds. Contributions at cost of employer and contributions at cost of employees are booked as expenditures of related period.

Restructuring

Process of restructuring of the Company has started in 2004 and it has been finished in 2009.

Reserving for terminal wages and jubilee bonuses in line with IAS-19

Pursuant to the Work regulations effective up to signing of the Collective Bargaining Agreement (26/03/2012) the Company was obliged to pay to the employees:

- Terminal wage for retirement in amount of 4 average month salaries at the employer's in the very month before payment of terminal wage, and
- Jubilee bonuses for total time of employment at the employer's as follows:

10 years – one average month salary in Republic of Serbia

20 years – two average month salaries in RS

30 years - three average month salaries in RS

35 years for women and 40 year for men- four average month salaries in RS.

Due to previously mentioned obligations at the end of every business year the Company makes assessment of reserving for terminal wages and jubilee bonuses in line with IAS-19-Reimbursements for employees.

Assessment of reserving for considered reimbursements on 31/12/2011 was made by Institute for economic researches Belgrade, as independent actuary, considering all relevant elements necessary for the reserving thereof: The Operating rule of the Company, number of employees in Airport Nikola Tesla JSC Belgrade on 31/12/2011, rate of employee fluctuation of 2% and assumptions used by actuary in calculation, such as discount rate (10%), expected salary increase in the Company (5%) and presumed real growth of average gross month salary in the Republic (4%).

As of 31.12.2012, the reserves are made by the Faculty of Economics according to the provisions of the Collective Agreement dated 26.03.2012, which changes the amount of liability for jubilee awards and instead the average monthly salary in RS, the obligation will be paid in the amount of the average monthly salary in the Company, without taxes and contributions. They also made changes in Collective Agreement in relation to the aforesaid rights under the Working Rules, the part of exercising the right to receive benefits obligation for the completion of 35 years of service with the Company both for women and for men, and abolished the right for 40 years of accrued experience in the company for men. For the calculation of reserves evaluator has used the planned growth of the Company's earnings from Business Program for 2013, the projected growth in real wages by 1%, a discount rate of 6% and the substrate on the number of employees, their years of service, age and sex structure, provided by the Company's professional services. Changes in reserves are given in Note 28.

3.10. Liabilities for loans and financial leasing

The Company has obligations per loans with payment linked with exchange rate of EUR. The loans are agreed with fix interest rates (Note 29).

Obligations per interests for long-term loans with due date in 2012 and subsequent years are not disclosed in balance sheet, but in Note 29, there is list of interests in detail, per due dates.

The Company declared leased equipment in balance sheet at current value of minimal leasing instalments at the beginning of leasing period, according to the provisions of IAS 17- Leasing. Corresponding liabilities toward lessors are registered in balance sheet as liabilities per financial leasing.

Expenditures of interests per financial leasing are registered in balance sheet on corresponding expenditure invoices, after fulfilment of obligations on related basis. All future instalments of financial leasing will not be declared in balance sheet, but in the Note 30 it is disclosed amount of liabilities for interest per financial leasing.

3.11. Information on business segments

The Company performs business activity as single business segment, provision of airport services. Accordingly, information relating to sales income per products and services, geographical information on income from sales, represent disclosure at company level (Note 5).

3.12. Financial instruments and aims of financial risk management

Financial instruments represent financial resources and financial obligations independent of their duration.

Financial resources and obligations are registered in balance sheet of the Company, from the moment of contractual binding to instrument.

Financial resources are no more recognized from the moment when the Company loses control over contracted rights on those instruments, which occurs when beneficial interest on instrument is realized, expired, abandoned or assigned. Financial obligation is no more

recognized when the Company fulfils its obligation or when contractual obligation is annulled or expired.

Due to market risks, affecting on changes on financial resources and obligations, management of the Company regularly and thoroughly follow movements, which can create risks, and take measures necessary for risk management.

Risks arising in operating with financial resources and obligations are:

-market risk, -credit risk, -liquidity risk, -cash flow risk.

In purpose of simpler recognition of risks that follow financial instruments and risk management, the Company has categorized financial instruments as follows:

A: Financial resources

1. Long-term financial investments, as follows:

- Long-term time deposits
- Participation in capital of the banks which are mostly in liquidation process and, in compliance with regulations and applied accounting standards correction of their value is performed in the entirety.
- Share in capital of foreign legal persons, for which correction of the value was carried out in line with the contract
- Long-term housing loans given to employees are disclosed at fair value by discounting with application of market interest rate.

2. Receivables, disclosed in nominal value-decreased by the correction of value, which is carried out based on estimation of possibility to recover them, as follows:

- Receivables from foreign buyers
- Short-term financial investments
- Other receivables (no claims for overpaid tax).

3. Cash and cash equivalents (cash on current accounts and cash account)

B: Financial obligations

- Long-term loans
- Financial leasing
- Other long-term liabilities
- Part of long-term loans with due date in next year (current maturities)
- Part of long-term leasing with due date in next year (current maturities)
- Part of other long-term liabilities with due date in next year (current maturities)
- Short term liabilities (without received advancements, liabilities for gross salaries, liabilities for VAT and income tax.)

Within these categories there are categories defined in details, where monitoring of movements is organized and necessary actions are taken in order to avoid or diminish risks. Summaries of financial instruments, per structure and risks related to management thereof, are given in the Note 37, concurrently for the current and the previous year.

4. SUMMARY OF IMPORTANT ACCOUNTING EVALUATIONS

4.1. Amortisation and amortisation rate

Revision of useful duration is made at the end of business year and correction of amortisation rate is based on that estimation. Considering that this correction does not represent change of accounting policy, there is no backward correction.

4.2. Correction of values of uncollectible receivables

Value correction is booked at cost of income statement for all receivables and investments not collected within period of 60 days after due date and assessed by management as uncollectible. The Company carried out value correction of individual uncollected receivables, which were older than 60 days on 31/12/2012 and which were estimated as uncollectible by Management, in total amount of RSD 1,715,732 thousand as follows: the amount of RSD 1,714,276 thousand for receivables from domestic and foreign buyers for goods and services and the amount of RSD 1,456 thousand for receivables for interest calculated for payment delay. The Summary of receivables older than 60 days is given in Notes 20 and 37 (within the explanation of credit risk).

Collecting of previously corrected receivables is booked in favour of incomes.

During the analysed period corrected receivables for goods, services and default interests from previous years are collected in the amount RSD 191,976 thousand and recorded as revenues of the current period.

Uncollected receivables are written off according to court decision, pursuant to settlement agreement between contractual parties or according to decision of the relevant body of the Company.

The list of changes in correction of value is given in Note No. 22a.

4.3 Litigations

During measurement and recognition of reserving and establishing level of exposure to potential obligation referring to current litigation the management of the Company makes certain assessments. The assessments are necessary for establishment of possibility of negative outcome and determination of amount necessary for payment against final court decision (verdict, court settlement and similar). Due to uncertainty of assessment procedure, real expenses may differ from expenses determined during assessment. Due to that fact the assessments are corrected when the Company reach new information, mainly with support of internal professional sectors or external advisers and therefore on 31/12/2012 reserving was made in the amount of RSD 36,000 thousand at the expense of the Company and the release of reserves amounting to 24,419 thousand in favour of the Company's revenue. The net effect of these changes on the performance of the Company is negative and amounts to 11,581 thousand. The list of reserving changes for litigations in the current year compared with the previous year is presented in Note 28.

4.4. Fair value

Fair value of financial instruments without active trade is determined by application of appropriate estimation methods. Management of the Company makes assessment of risks and in cases when it is estimated that property value from business books will not be realised, it makes correction of value.

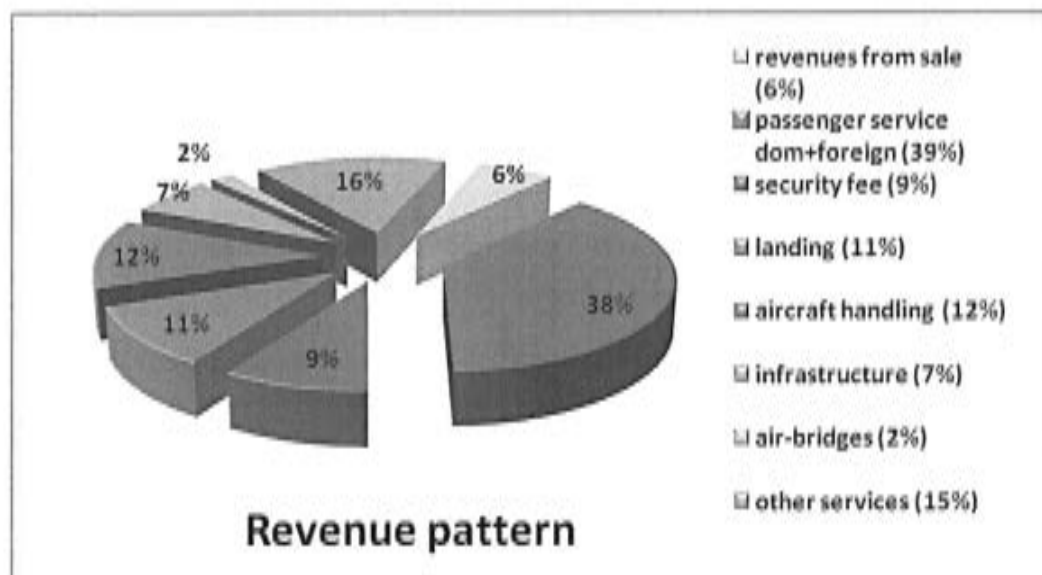
4.5 Reconciliation of receivables and indebtedness

The Company makes reconciliation of its receivables and obligation annually, with balance on 10/31 of the current year, or several times during the year for certain clients, if there is a need.

In 2012 was reconciled about 90% of receivables. Non-reconciled receivables amount to app. 5% and to app. 5% there was no response to submitted extract of open items.

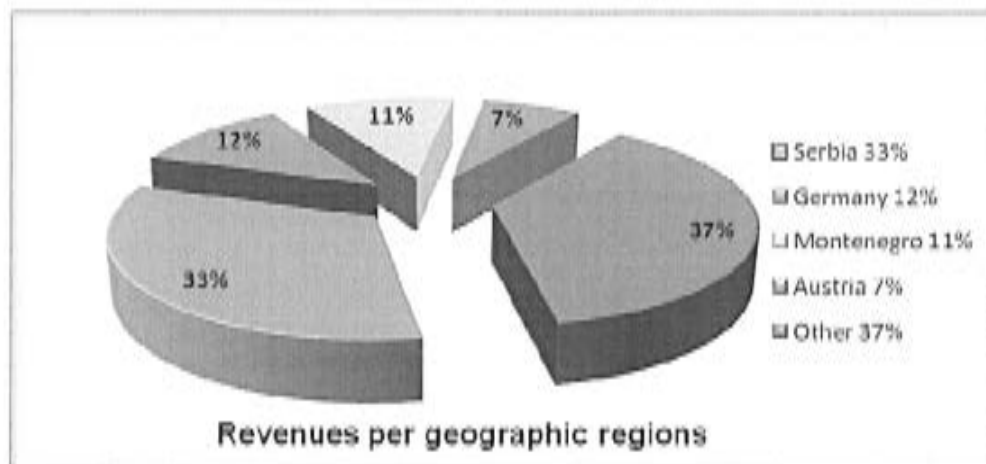
5. BUSINESS REVENUES - ADP 202	I-XII 2012	I-XII 2011
	in thousand RSD	in thousand RSD
<i>Revenues from sale of goods and ser. in domestic market</i>		
Revenues from sale of goods in domestic market	2,582	2,316
Passenger service	873,535	768,237
Security fee	219,251	200,368
Landing	119,729	123,435
Aircraft handling *	131,667	127,316
Infrastructure	74,119	76,505
Air-bridges	567	12,681
Lighting	23,933	21,326
Aircraft abode tax	2,995	4,857
Aircraft de-icing services	15,320	0
Commercial usage of apron *	69,013	59,429
Usage of the CUTE system	32,199	29,277
Service on special request *	9,965	20,069
Renting of advertisement space	57,160	63,052
Public services	140,127	127,423
Cargo-custom services	104,533	139,031
DCS services*	242	1,192
Lost and found services *	10	1,927
Other services *	50,839	12,051
	1,927,786	1,790,492
<i>Revenues from sale of goods and ser. in foreign market</i>		
Revenues from sale of goods-kerosene (re-export) *	357,482	559,978
Passenger service	1,363,464	1,163,133
Security fee	305,955	237,198
Landing	501,488	525,764
Aircraft handling *	577,993	518,062
Infrastructure	318,176	312,807
Air-bridges	103,238	100,163
Lighting	47,112	39,144
Aircraft abode tax	20,020	19,927
Aircraft de-icing services	66,983	46,117
Commercial usage of apron *	76,838	54,513
Usage of the CUTE system	29,525	24,850
Service on special request *	169	164
Renting of advertisement space	2,698	2,333
Public services	25,714	18,775
Cargo-custom services	44,686	35,666
DCS services*	29,162	23,739
Lost and found services *	21,557	16,251
Other services *	40,775	55,906
	3,933,035	3,754,490
Total sale revenues	5,860,821	5,544,982

*revenues from services of Ground Handling Department



5. BUSINESS REVENUES - ASP 202 (continued)

Revenues from sale of goods and services per geographic regions	I-XII 2012	I-XII 2011
	in thousand RSD	in thousand RSD
Serbia	1,927,786	1,790,492
Germany	681,217	690,984
Montenegro	632,167	483,853
Austria	424,866	321,516
Switzerland	311,735	278,028
Russia	181,827	147,574
Turkey	256,350	181,394
France	144,464	129,158
Italy	161,825	131,990
Czech Republic	8,795	100,151
Hungary	378,035	322,378
Spain	1,704	54,606
Tunisia	41,101	29,698
Ukraine	0	21,733
Greece	21,542	486
Norway	94,525	67,756
Denmark	636	24,871
Poland	44,497	40,354
Egypt	0	52,701
Slovenia	70,512	66,057
Romania	0	31,065
Dubai	114,238	0
Iran	0	254,138
Other	383,599	323,998
	5,860,821	5,544,982



5. OTHER BUSINESS REVENUES - ADP 206	I-XII 2012	I-XII 2011
	in thousand RSD	in thousand RSD
Revenues from prevention from insurance companies		0
Revenues from lease to domestic legal persons	499,529	431,574
Revenues from lease to foreign legal persons	14,252	11,766
	513,781	443,340

6. PURCHASE VALUE OF SOLD GOODS - ADP 208	I-XII 2012	I-XII 2011
	in thousand RSD	in thousand RSD
Purchase value of sold retail goods	650	552
Purchase value of sold kerosene - re-export	332,620	528,741
	333,270	529,293

7. COSTS OF MATERIALS - ADP 209	I-XII 2012	I-XII 2011
	in thousand RSD	in thousand RSD
Costs of fixed materials	178,875	99,651
Costs of other materials	75,884	64,898
Costs of fuel	86,894	66,319
Costs of heating oil	36,817	31,173
Costs of electric power	112,828	111,892
	491,298	373,933

8. COSTS OF SALARIES, REIMBURSEMENTS AND OTHER PERSONAL EARNINGS - ADP 210	I-XII 2012	I-XII 2011
	in thousand RSD	in thousand RSD
Gross salaries and salary reimbursements - employees	600,228	486,107
Gross salaries and salary reimbursements - management	32,312	28,208
Taxes and contributions at the cost of employer	112,954	91,811
Costs of reimbursement per service contract and royalties	931	1,224
Costs of reimbursement for youth organizations (gross earnings of temporary employees)	272,838	232,234
Costs of reimburs. for natural persons -cont.on add.work	352	388
Costs of reimbursements for members of BoD, SB and SA	12,447	11,231
Transport of employees	41,352	25,209
Costs of business trips	9,032	6,164
Terminal wages and jubilee bonuses	4,164	2,018
Other personal expenditures	5,857	4,109
	1,092,467	888,703

9. COSTS OF AMORTIZATION AND RESERVING - ADP 211	I-XII 2012	I-XII 2011
	in thousand RSD	in thousand RSD
Costs of amortization	670,773	634,384
Costs of reserving for reimbursements and other benefits	38,409	16,434
Costs of reserving for litigations	36,000	15,330
	745,182	666,148

10. OTHER BUSINESS EXPENDITURES - ADP 212	I-XII 2012	I-XII 2011
	in thousand RSD	in thousand RSD
Costs of services of OZB for GH. Dept and other transport and PTT services	368,925	373,777
Costs of maintenance services	185,408	111,785
Costs of leasing	11,261	4,572
Costs of advertising and promotion	29,102	24,918
Costs of research	4,857	-
Services of physical and technical security from OZB	378,752	271,011
Costs for water, drainage and public services	31,211	32,067
Costs of other production services	42,419	28,585
Costs of occupational health JAT	14,942	14,742
Costs of facility cleaning services	51,829	37,578
Costs of services of OZB for Technical Dept.	124,424	97,365
Costs of services of OZB for other dept.	120,255	74,178
Costs of other non-production services	52,187	58,097
Costs of representation	11,096	6,640
Costs of insurance	26,575	20,921
Costs of payment system	5,619	6,899
Membership fees	4,227	3,649
Property tax and other reimbursements	75,853	73,978
Other intangible costs	19,572	19,221
	1,558,514	1,259,983

11. FINANCIAL REVENUES - ADP 215	I-XII 2012	I-XII 2011
	in thousand RSD	in thousand RSD
Revenues from interest	126,098	145,135
Revenues from realized exchange rate differences	361,008	95,368
Revenues from non-realized exchange rate differences	9,389	92,726
Revenues from effects of contracted currency clause-realized	32	2,793
Revenues from effects of contracted currency clause-non-realized	-	1,574
	496,527	337,596

12. FINANCIAL EXPENDITURES - ADP 216	I-XII 2012	I-XII 2011
	in thousand RSD	in thousand RSD
Expenditures from interest	72,051	77,452
Negative exchange rate differences-realized	107,465	178,054
Negative exchange rate differences - non-realized	101,811	1,320
Expend. from effects of contracted currency clause-realized	6,958	27
Expend. from effects of contracted currency clause-non-realized	13,778	-
	302,063	256,853

13. OTHER REVENUES - ADP 217	I-XII 2012	I-XII 2011
	in thousand RSD	in thousand RSD
Revenues from sale of equipment and materials	5,249	2,497
Revenues of collected, previously corrected receivables	191,976	11,146
Revenues from cancellation of reserving for litigations And benefits of employees	24,570	-
Revenues from indemnity from legal and natural persons	3,104	25,874
Revenues from value reconciliation of investment property	6,319	144
Revenues from charged corrected receivables for housing loans	2,234	1,078
Effects of contracted risk protection-revaluation of housing loans	9,482	28,339
Revenues from value correction of housing loans- assessment	97,693	197
Revenues from cancellation of housing loan value reconciliation due to transfer to currency clause	53,887	-
Other non-mentioned revenues	5,858	6,009
	400,372	75,284

14. OTHER EXPENDITURES - ADP 218	I-XII 2012	I-XII 2011
	in thousand RSD	in thousand RSD
Loss from sale of equipment	161	19,639
Costs from disclosed deficits	154	1,007
Expenditures from direct write-off of receivable	114	138
Expenses for humanitarian, religion and scientific purposes	18,443	18,434
Other non-mentioned expenditures	14,384	14,826
Cancellation of receivables for housing loans due to transfer to currency clause	70,202	-
Impairment of receivables for housing loans - assessment	211	24,261
Costs from value correction of receivables for services and interest	1,715,732	680,662
Other expenditures from devaluation	142	73
	1,819,543	759,040

15. PROFIT TAX - ADP 225, 226 and 227

<i>a) Components of profit tax</i>	I-XII 2012	I-XII 2011
	in thousand RSD	in thousand RSD
Period tax expenditure ADP 225	56,116	89,846
Deferred period tax expenditure ADP 226	145,391	-
Deferred period tax revenue ADP 227	-	2,890
	201,507	86,956

<i>b) Reconciliation of profit tax and product of result from operation before tax and prescribed tax rate</i>	I-XII 2012	I-XII 2011
	in thousand RSD	in thousand RSD
Profit before tax	929,164	1,667,249
Profit tax calculated at rate of 10%	92,916	166,725
Tax effect of expenditures not acknowledged in tax balance	19,314	12,967
Tax credit for investment in fixed assets of the current period	(56,115)	(89,846)
Tax credit for investment in fixed assets of the previous years	-	-
Other	-	-
	56,116	89,846

c) Realized, non-utilized and non-recognized tax credit (TC)				
	Year of expiry	Amount of transfer.	Utilized	in thousand RSD Outstanding
Year of origination of tax credit		TC	TC	transferred TC
2003	2013	64,510	8,332	56,178
2004	2014	121,717	-	121,717
2005	2015	106,634	-	106,634
2006	2016	161,173	1,709	159,464
2007	2017	34,140	986	33,154
2008	2018	58,616	953	57,663
2009	2019	-	-	-
2010	2020	-	-	-
2011	2021	81,514	81,514	-
2012	2022	212,294	56,115	156,179
Balance of tax credit (TC)		840,598	149,609	690,989

16. PROFIT PER SHARE - ADP 233	I-XII 2012	I-XII 2011
	in thousand RSD	in thousand RSD
Net profit for owners in RSD thousand	727,657	1,580,293
Average weighted number of shares	34,289,350	34,289,350
Basic profit per share in RSD	21.22	46.09

17. PROPERTIES, PLANTS, EQUIPMENT AND INTANGIBLE PROPERTY -ADP 004,006,007,008							in RSD thousand	
DESCRIPTION	Land	Constructing facilities	Equipment	Current investm. and advancements	Total ADP 006	Investment property ADP 007	Livestock unit ADP 008	Intangible Investments ADP 004
Purchase value								
Initial balance 01/01/2012	9,034,813	10,224,960	2,175,866	345,229	21,780,867	14,476	422	28,824
Correction of initial balance based on assessment	-	-	-	-	-	-	-	-
Balance after correction 01/01/2012	9,034,813	10,224,960	2,175,866	345,229	21,780,867	14,476	422	28,824
Purchase during the year	-	-	-	1,250,311	1,250,311	-	-	3,819
Transfer from current investments	-	178,853	627,104	(806,957)	-	-	-	-
Alienation, disbursement and sale	-	-	(9,117)	-	(9,117)	-	-	-
Other	-	-	-	(17,117)	(17,117)	6,318	(72)	-
Final balance 31/12/2012	9,034,813	10,403,813	2,793,873	772,466	23,004,964	20,794	350	32,643
Value correction								
Initial balance 01/01/2012	-	780,694	553,003	12,691	1,346,377	-	-	22,590
Correction of initial balance based on assessment	-	-	-	-	-	-	-	-
Balance after correction 01/01/2012	-	780,694	553,003	12,691	1,346,377	-	-	22,590
Amortization in current year	-	388,434	280,009	-	668,443	-	-	2,300
Alienation, disbursement and sale	-	-	(8,885)	-	(8,885)	-	-	-
Other	-	-	-	-	-	-	-	-
Final balance 31/12/2012	-	1,169,118	824,127	12,691	2,005,935	-	-	24,920
Net current value 31/12/2012	9,034,813	9,234,695	1,969,746	795,775	20,999,029	20,794	350	7,723
Net current value 31/12/2011	9,034,813	9,444,276	1,622,683	332,538	20,434,510	14,476	422	6,234

18. PARTICIPATION IN CAPITAL - ADP 010	31.12.2012.	31.12.2011.
	thousand RSD	thousand RSD
<i>Participation in bank capital</i>		
Privredna banka ad Beograd	101	202
<i>Participation in capital banks in liquidation</i>		
Union banka AD Beograd- in liquidation	667	667
Beogradska banka AD Beograd-in liquidation	18,988	18,988
Beobanka AD Beograd-in liquidation	38	38
	19,693	19,693
<i>Participation in capital of other foreign legal entities</i>		
Mondijal-Bodrum -Turkey	358,598	358,598
Societe International de Telecommunications Aeronautiques Swisse (SITA)	2	3
Minus: Correct. of val. of particip. in cap. of Mondijal Bodrum-Turkey	(358,598)	(358,598)
Minus: Corr. of val. of particip. in capital of banks in liquidation	(19,693)	(19,693)
	103	205

18.a. OTHER LONG-TERM FINANS.INVEST-AOP 011	31.12.2012.	31.12.2011.
	thousand RSD	thousand RSD
Resources for membership in Societe International de Telecommunications Aeronautiques Swisse (SITA)	4,413	3,913
Long-term time deposits	4,088	11,285
Long-term loans given to employees	353,063	430,422
Receivables from sold social flats	1,381	1,367
Receivables for repurchase of solidarity flats	3,824	3,991
	366,769	450,978
Current maturities of long-term investments in Societe International de Telecommunications Aeronautiques Swisse (SITA)	(348)	(306)
Current maturities of long-term time deposits	(4,088)	(7,523)
Current maturities of long-term loans given to employees	(16,523)	(18,210)
Balancing of long-term loans given to employees to fair values	(177,079)	(329,130)
	168,731	95,809

19. STOCKS AND GIVEN LOANS - ADP 013	31.12.2012.	31.12.2011.
	thousand RSD	thousand RSD
Basic materials	89,691	93,723
Spare parts	6,919	8,813
Tools and small inventory	5,642	3,377
Goods in warehouse	54,036	46,765
Goods in retail trade	36	27
Given advancements	3,790	4,203
Correction of values of stock materials and spare parts	(100)	(285)
	160,014	156,623

20. RECEIVABLES, ADP 016	31.12.2012.	31.12.2011.
	thousand RSD	thousand RSD
Receivables from buyers in the country	3,380,099	2,006,680
Receivables from buyers abroad	407,133	423,607
Receivables from buyer in the country for default interest	22,046	21,842
Receivables from banks for time and a vista funds	25,013	25,939
Receivables from employees	1,367	1,291
Other receivables	4,174	4,554
	3,839,832	2,483,913
Value corr. of receivables from buyers in the country from prev. years	(844,605)	(835,156)
Value correction of receivables from buyers in the country from current period	(1,713,472)	-
Value corr. of receivables from foreign buyers from previous years	(11,501)	(16,297)
Exchange rate differences for value corr. foreign buyers prev. years	(945)	(34)
Value corr. of receiv. from foreign buyers from current period	(804)	-
Value corr. of receivables from buyers for default interests prev. years	(17,906)	(18,045)
Value corr. of receivables from buyers for default interests current per	(1,456)	-
Correction of values of other receivables	(2,427)	(2,427)
	(2,393,116)	(871,959)
	1,446,716	1,611,954

21. SHORT-TERM FINANCIAL INVESTMENTS ADP 018	31.12.2012.	31.12.2011.
	thousand RSD	thousand RSD
Short-term loans given to employees	36,246	30,312
Short-term time deposits	1,639,674	2,424,353
Current maturities of long-term time deposits	4,088	7,523
Current maturities of long-term loans given to employees	16,523	18,211
Current maturities of long-term investments in Societe International de Telecommunications Aeronautiques Suisse (SITA)	348	306
	1,696,879	2,480,705
Balancing of loans given to employees to fair values	(539)	(2,091)
	1,696,340	2,478,614

Display of short-term time deposits from banks	31.12.2012.	31.12.2011.
	thousand RSD	thousand RSD
Komercijalna banka a.d, Belgrade	1,432,851	1,747,503
Hypo Alpe Adria banka a.d, Belgrade	206,823	24,260
UniCreditbank a.d., Belgrade	-	652,590
	1,639,674	2,424,353

22. CASH AND CASH EQUIVALENTS - ADP 019	31.12.2012.	31.12.2011.
	thousand RSD	thousand RSD
Current account - RSD	68,217	16,059
Current account - foreign currency	145,445	55,835
Foreign currency GOLD BANKA (in liquidation)	58,012	53,559
Treasury	43	390
Other funds	678	1,020
	272,395	126,863
Correction of value of foreign currency funds GOLD BANK	(58,012)	(53,559)
	214,383	73,304

22a CHANGES ON VALUE CORRECTION until 31/12/2012

	in RSD thousand					
	Cash and cash equivalents (Note 22)	Long-term financial investments (Note 18)	Stock materials and spare parts (Note 19)	Receivables from buyers (Note 20)	Short-term financial investments (Note 21)	Total
Initial balance 01/01/2011	53,743	307,285	258	205,775	950	568,011
Correction at cost of current period	-	-	27	680,662	-	680,689
Devaluation of long-term financial investments and securities	-	22,373	-	-	1,888	24,261
Charged, corrected receivables	-	(331)	-	(11,146)	(747)	(12,224)
Value reconciliation	-	-	-	(1,251)	-	(1,251)
Write-off	-	-	-	(2,047)	-	(2,047)
Exchange rate differences	(184)	-	-	(34)	-	(218)
Other	-	(197)	-	-	-	(197)
Final balance 31/12/2011	53,559	329,130	285	871,959	2,091	1,257,024
Correction at cost of current period	-	-	-	1,715,732	-	1,715,732
Devaluation of long-term financial investments and securities	-	-	-	-	-	-
Charged, corrected receivables	-	(657)	-	(191,976)	(1,357)	(194,210)
Value reconciliation	-	(97,552)	-	-	100	(97,482)
Write-off	-	(53,602)	-	(3,514)	(285)	(57,401)
Exchange rate differences	4,453	-	-	945	-	5,398
Other	-	-	(185)	(30)	-	(215)
Final balance 31/12/2012	58,012	177,079	100	2,393,116	539	2,628,846

23. VAT AND PREPAYMENTS AND ACCRUED INCOME ADP 020	31.12.2012.	31.12.2011.
	in thousand RSD	in thousand RSD
Deferred VAT + overpaid VAT	51,437	18,848
Costs of insurance paid in advance	12,687	9,344
Reimbursement for constructing land Phases 2, 3 and 4	106,662	112,201
Other accrued costs and deferred revenues	2,662	3,978
	173,448	144,371

24. SHARE CAPITAL - ADP 102			
<i>Share capital 01/25/2011</i>	Value in RSD thousand	Number of shares	% of participation
Republic of Serbia	17,107,193	28,511,988	83.15%
Employee and ex-employee of the Company	574,004	956,676	2.79%
Citizens of Republic of Serbia	2,892,413	4,820,689	14.06%
	20,573,610	34,289,353	100.00%

<i>Share capital 31/12/2011</i>	Value in RSD thousand	Number of shares	% of participation
Republic of Serbia	17,089,186	28,481,977	83.06%
Domestic natural persons	2,465,849	4,109,749	11.89%
Domestic legal entities	138,827	231,378	0.67%
Foreign natural persons	4,736	7,893	0.02%
Foreign legal entities	260,065	433,442	1.26%
Custody entities	614,947	1,024,911	2.99%
-	20,573,610	34,289,350	100.00%

<i>Share capital 31.12.2012.</i>	Value in RSD thousand	Number of shares	% of participation
Republic of Serbia	17,089,037	28,481,728	83.06%
Domestic natural persons	2,289,446	3,815,744	11.13%
Domestic legal entities	150,958	251,596	0.73%
Foreign natural persons	5,131	8,551	0.02%
Foreign legal entities	291,282	485,470	1.42%
Custody entities	747,757	1,246,261	3.63%
	20,573,610	34,289,350	100.00%

25. RESERVES ADP 104	31.12.2012.	31.12.2011.
	thousand RSD	thousand RSD
Legal reserves	0	0
Statutory reserves	1,297,787	761,355
	1,297,787	761,355

26. NON-REALISED LOSSES FROM SECURITIES ADP 107	31.12.2012.	31.12.2011.
	In thousand RSD	In thousand RSD
Initial balance on 01/01	260	73
Increase due to decrease of fair value (shares in Privredna banka Beograd)	31	187
Decrease due to increase of fair value	0	0
	291	260

27. NON-DISTRIBUTED PROFIT - ADP 108	31.12.2012	31.12.2011
	In thousand RSD	In thousand RSD
Initial balance on 01/01	1,580,293	1,937,323
Part of the profit distributed to the Establisher (dividend), under Decision of the Shareholders Assembly on profit distribution for 2011 (the Decision no. 21-9/1 from 28/06/2012)	(820,281)	(1,118,661)
Part of the profit distributed to the OTHER SHAREHODERS (dividend), under Decision of the Shareholders Assembly on profit distribution for 2011 (the Decision no. 21-9/1 from 28/06/2012)	(167,252)	.
Part of the profit distributed for reserves of the Company, under Decision of the Shareholders Assembly on profit distribution for 2011 (the Decision no. 21-9/1 from 28/06/2012)	(536,432)	(761,355)
Part of the profit distributed for participation of employees, under Decision of the Shareholders Assembly on profit distribution for 2011 (the Decision no. 21-9/1 from 28/06/2012)	(56,328)	(57,307)
Profit from current operations	727,657	1,580,293
Total balance at the end of the considered period	727,657	1,580,293

28. LONG-TERM RESERVES ADP 112	31.12.2012.	31.12.2011.
	In thousand RSD	In thousand RSD
Reserves for reimbursements for employees	39,167	36,102
Reserves for jubilee bonuses	55,842	24,654
Reserves for litigations	116,699	107,118
	211,708	167,874

Changes on reserves	In thousand RSD			
	Terminal wages	Jubilee bonuses	Litigations	Total
Balance on 01/01/2011	26,594	19,904	94,078	140,576
Reserves during the year	10,141	6,293	15,330	31,764
Cancellation during the year	0	0	0	0
Pay off during the year	(633)	(1,543)	(2,290)	(4,466)
Balance on 31/12/2011	36,102	24,654	107,118	167,874
Balance on 01/01/2012	36,102	24,654	107,118	167,874
Reserves during the period I-XII 2012	4,771	33,838	36,000	74,409
Cancellation during the year	(31)	(120)	(24,419)	(24,570)
Pay off during the year	(1,675)	(2,330)	(2,000)	(6,005)
Balance on 31/12/2012	39,167	55,842	116,699	211,708

29. LONG-TERM LOANS ADP 114	31.12.2012.	31.12.2011.
	In thousand RSD	In thousand RSD
In the country	4,100	11,318
Abroad	1,120,405	1,118,192
Current maturities	(98,889)	(94,768)
	1,025,616	1,034,742

<i>Receivables from long-term loans</i>	Principal		Non-booked	
	31.12.2012.	31.12.2011.	31.12.2012.	31.12.2011.
	RSD thousand	in RSD thousand	in RSD thousand	in RSD thousand
up to one year	98,889	94,768	48,933	49,263
from one year up to two years	94,789	90,996	44,607	45,027
from two years up to three years	94,789	87,223	40,331	41,046
from three years up to four years	94,789	87,223	36,056	37,112
from four years up to five years	94,789	87,223	31,780	33,178
from five years up to ten years	473,945	436,111	94,769	106,875
over ten years	172,515	245,966	11,487	20,143
	1,124,505	1,129,510	307,963	332,644

	Annual interest rate	Due date	Outstanding amount 31/12/2012 (EUR)	31/12/2012 in RSD thousand	31/12/2011 in RSD thousand
a) Long-term loans in the country					
Piraeus banka a.d. Belgrade	4.50%	26/05/2013	35,948	4,100	11,318
a) Long-term loans abroad					
European Investment Bank	4,07-5,16%	2025	9,822,984	1,120,405	1,118,192
Total long-term loans (a+b)			9,858,932	1,124,505	1,129,510
Current maturities of long-term loans:					
a) In country				(4,100)	(7,546)
b) Abroad				(94,789)	(87,222)
Total current receivables of long-term loans (a+b):				(98,889)	(94,768)
				1,025,616	1,034,742

30. OTHER LONG-T. LIABIL, ADP 115	31.12.2012.	31.12.2011.
	in RSD thousand	in RSD thousand
Liabilities from financial leasing	120,118	187,675
Other long-term liabilities	106,662	112,201
	226,780	299,876
Current maturities of other long term liabilities	(123,933)	(82,651)
	102,847	217,225

<i>Liabilities from financial leasing</i>	sum of minimal leasing installments		current value of minimal leasing installments	
<i>Due on</i>	31.12.2012.	31.12.2011.	31.12.2012.	31.12.2011.
	in RSD thousand	in RSD thousand	in RSD thousand	in RSD thousand
up to one year	97,106	90,734	90,006	77,112
from one year up to three years	30,796	117,728	30,112	110,563
	127,902	208,462	120,118	187,675
Future costs of financing - interests	(7,784)	(20,787)		
Current value of min. leasing installments	120,118	187,675	120,118	187,675
Current maturities of financial leasing			(90,006)	(77,112)
			30,112	110,563

31. SHORT-TERM FINANCIAL LIABILITIES - ADP 117	31.12.2012.	31.12.2011.
	in RSD thousand	in RSD thousand
<i>Current maturity</i>		
Long-term loans	98,889	94,768
<i>Other long-term liabilities</i>	123,933	82,651
	222,822	177,419

32. BUSINESS LIABILITIES - ADP 119	31.12.2012.	31.12.2011.
	in RSD thousand	in RSD thousand
<i>Received advance payments</i>	35,657	33,549
Suppliers in country	157,912	107,649
<i>Suppliers abroad</i>	47,362	41,814
Other operating liabilities	6,314	11,466
	247,245	194,478

33. OTHER BUSINESS LIABILITIES - ADP 120	31.12.2012.	31.12.2011.
	in RSD thousand	in RSD thousand
<i>Liabilities for salaries</i>	278	168
Liabilities for interests	-	44
<i>Liabilities for dividend-net</i>	-	-
Liabilities for participation in profit-net	3	627
<i>Other short-term liabilities</i>	2,936	262
	3,217	1,101

34. LIABILITIES FOR VAT, OTHER PUBL. EXPENDITURES AND ACCRUED COSTS AND DEFERRED REVENUES ADP 121	31.12.2012.	31.12.2011.
	in RSD thousand	in RSD thousand
<i>Liabilities for VAT</i>	-	14,842
Liabilities for customs and other duties	791	440
<i>Calculated costs</i>	31,503	30,602
Calculated revenues of future periods	24,791	10,046
<i>Other accrued costs and deferred revenues</i>	3,178	605
Taxes, contributions and other duties	1,965	1,360
	62,228	57,895

35. OFF-BALANCE REGISTER ADP 125	31.12.2012.	31.12.2011.
	in RSD thousand	in RSD thousand
<i>Received guarantees</i>	479,606	350,017
Given guarantees	4,500	12,587
<i>Other</i>	598	582
	484,704	363,186

36. DEFERRED TAX LIABILITIES-ADP 123	31.12.2012.	31.12.2011.
	in RSD thousand	in RSD thousand
Current accounting value of fixed property on balance date	11,230,203	11,088,291
Current value of fixed property for taxing purposes on balance date	8,298,506	8,145,045
Difference between accounting and tax current value of fixed property	2,931,697	2,943,246
PERMANENT DIFFERENCE - for equipment below average gross value on balance date	1,379	2,430
Temporary difference on balance date	2,930,318	2,940,816
Deferred tax liability on balance date (10% of temporary differences on 31.12.2011, and 15% of temporary differences on 31.12.2012)	439,548	294,082
Deferred tax liability (10% of security)	0	0
Balance of the account 498000 before booking	294,038	296,928
Difference for accounting on deferr. (6-8)	145,510	-2,846
Difference for the booking on deferred liabilities		
Deferred tax liabilities, booked on result increase/decrease	145,510	-2,846
Deferred tax resources based on estimation of utilization of tax loan- result increase	0	0
Deferred tax resources based on reserves for terminal wages- result increase	0	0
Deferred tax resources based on unpaid taxes	119	44
	-145,391	2,890
Balance of deferred tax liabilities after set off with tax resources	439,429	294,038

37 FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT

Categories of financial instruments

In thousand RSD

	31.12.2012			31.12.2011.		
	total	correction of value	net amount	total	correction of value	net amount
Financial resources						
1 Long-term financial investments	724,204	(555,370)	168,834	803,435	(707,421)	96,014
-Long-term time deposits	4,065	-	4,065	7,369	-	7,369
-Participation in bank capital	19,794	(19,693)	101	19,695	(19,693)	202
-Participation in capital of foreign legal entities	368,600	(358,598)	2	358,601	(358,598)	3
-Long-term housing loans given to employees	341,745	(177,079)	164,666	417,570	(329,130)	88,440
2 Receivables disclosed at nominal value	5,536,711	(2,353,655)	3,143,056	5,007,665	(874,050)	4,133,616
-Receivables from buyers	3,787,232	(2,371,327)	1,415,905	2,430,287	(851,487)	1,578,800
-Short-term financial investments	1,696,879	(539)	1,696,340	2,480,705	(2,091)	2,478,614
-Other receivables	52,600	(21,789)	30,811	96,674	(20,472)	76,202
3 Cash and cash equivalents	272,355	(58,012)	214,383	126,663	(53,559)	73,304
	6,533,310	(3,007,037)	3,526,273	5,938,164	(1,635,030)	4,303,134
Financial obligations						
1 -Long-term loans	1,025,616	0	1,025,616	1,034,742	-	1,034,742
2 -Financial leasing- long-term part	30,112	-	30,112	110,563	-	110,563
3 -Other long-t. liabilities-Direction for constructing land	72,735	0	72,735	106,662	-	106,662
4 -Current maturities of long-t. loans	98,889	-	98,889	94,768	-	94,768
5 -Current maturities of long-t. financial leasing	90,006	0	90,006	77,112	-	77,112
6 -Current maturities of other long-t. liabilities	33,927	-	33,927	5,539	-	5,539
7 -Short-term liabilities	211,587	-	211,587	160,929	-	160,929
	1,562,872	-	1,562,872	1,590,315	-	1,590,315

I MARKET RISK

In analysis of market impact on financial instrument, the Company observes risk of exchange rate change (currency risk), interest rate change risk and risk of price change.

a) Currency risk

Analysis of financial resource and obligation currency pattern balance on 31/12/2012, concurrently with analysis of balance on 31/12/2011, show that the Company operates with low currency risk, because the financial resources contracted with currency clause are significantly higher than contracted currency obligations, which mostly refer to long-term obligations.

Accounting values of financial resources and obligations in RSD thousand, disclosed in foreign currency on date of reporting in the Company are the following:

Currency risk - gross

	Total assets-gross		In RSD thousand total liabilities	
	31.12.2012.	31.12.2011.	31.12.2012.	31.12.2011.
(EUR)	2,153,412	2,728,708	1,266,921	1,339,868
USD	292,945	224,923	25,064	19,131
CHF	296	272	0	0
GBP	26	0	0	0
RSD and other currencies	4,086,631	2,984,260	270,887	231,316
	<u>6,533,310</u>	<u>5,938,164</u>	<u>1,562,872</u>	<u>1,590,315</u>

In order to avoid risk of loss per receivables for long-term housing loans given to employees, contracted in RSD, the Company has made an assessment of fair value of such receivables by discounting method. An independent assessor-Institute for economic researches Belgrade made an assessment of fair value on 31/12/2012. The positive net effect of these assessments in the amount of 97,482 thousand RSD was recorded in the income of the Company.

In the course of 2012, 51 Annexes to residential loan agreements were signed which recontracted liabilities from RSD to currency clause. Negative net effect of these transactions in the amount of 16.315 thousand RSD at the cost of the result of the Company.

b) Risk of interest rate change

Risk of interest rate change does not represent significant risk for the Company, as categories of financial instruments with contracted interest, are mainly defined by fixed interest rate. Change of interest rates would not materially significantly affect either incomes, or outcomes of the Company or money flows.

Variable interest rate is agreed for financial leasing. In order to avoid risk of interest rate change the Company contracted possibility of paying off before due date for financial leasing.

60 Financial instruments classified by categories of interest and non-interest resources are disclosed in the following summary:

Resources and obligations on interest/non-interest criteria

financial resources-net	31.12.2012.			31.12.2011.			thousand RSD
	total	corr. of value	net amount	total	corr. of value	net amount	
no interest							
Participation in capital of other legal entities	378,394	(378,291)	103	378,496	(378,291)	205	
receivables from buyers	3,787,232	(2,371,327)	1,415,905	2,430,287	(851,487)	1,578,800	
other receivables	52,600	(21,789)	30,811	96,874	(20,472)	76,402	
short-term financial investments	36,246	0	36,246	30,312	0	30,312	
cash and cash equivalents	272,395	(58,012)	214,383	126,863	-53,559	73,304	
	4,526,867	(2,829,419)	1,697,448	3,062,832	(1,303,809)	1,759,023	
fixed interest rate							
Long-term financial investments	345,810	(177,079)	168,731	424,939	(329,130)	95,809	
short-term financial investments	1,660,633	(539)	1,660,094	2,450,393	(2,091)	2,448,302	
	2,006,443	(177,618)	1,828,825	2,875,332	(331,221)	2,544,111	
	6,533,310	(3,007,037)	3,526,273	5,938,164	(1,635,030)	4,303,134	
Financial obligations							
No interest							
Operating liabilities	211,587	0	211,587	160,929	0	160,929	
	211,587	0	211,587	160,929	0	160,929	
Fixed interest rate							
Long term loans	1,025,616	0	1,025,616	1,034,742	0	1,034,742	
Current maturity long term obligations	98,889	0	98,889	94,768	0	94,768	
	1,124,505	0	1,124,505	1,129,510	0	1,129,510	
Variable interest rate							
Other long term fin. liabilities	136,774	0	136,774	217,225	0	217,225	
Current maturity long term obligations	90,006	0	90,006	82,651	0	82,651	
	226,780	0	226,780	299,876	0	299,876	
	1,562,872	0	1,562,872	1,590,315	0	1,590,315	

c) Risk of price change

The Company estimates that there is no risk of price change, because financial instruments of the Company are not subject to price change on the market.

The Company in very little extent deals with securities, subject to price change in exchange market. Furthermore, the Company has no turnover of goods subject to price change. The greatest item in traffic of goods is kerosene traffic with transit goods treatment.

II CREDIT RISK

The Company estimates that the greatest of the risks affecting financial instruments is credit risk. The Company has huge receivables of domestic and foreign buyers and the credit risk permanently exists. In order to decrease this risk the Company regularly monitors charging, analyses charging value realised in due period, charging after due date and uncollected receivables.

Higher percentage of individual share in total receivables can represent higher credit risk especially if the buyer has unstable liquidity and if due to that reason contracted payment term exceeds.

Receivables from domestic buyers for goods and services in the amount of 3,380,099 thousand RSD, participate with 89,25% in total receivables from buyers for goods and services and mostly refer to receivables from Jata Airways, which amount to 2,974,126 thousand RSD, which makes 87.99% of total uncollected receivables from domestic buyers. Considerable participation in uncollected receivables from domestic buyers has also Jat Tehnika with 4.68% or 158.275 thousand RSD, which together makes 92.67% of totally uncollected receivables from domestic buyers.

Receivables from foreign buyers for goods and services in the amount of 407,133 thousand RSD, which makes 10.75% of total receivables from buyers for goods and services.

Increase in balance of receivables from domestic buyers on 31/12/2012 by 68% in comparison to the balance on 31/12/2011, indicates increase in credit risk, as most of the increase of receivables refer to one buyer (Jat Airways), which has the greatest portion (87.99%) in balance of receivables from domestic buyers.

Out of total receivables for goods and services due over 60 days in the amount of RSD 3,007,422 thousand, 78.85% or RSD 2,371,327 thousand is corrected at the cost of the result of the Company for the current 2012 (1,715,221 thousand RSD) and previous years (656,106 thousand RSD). Jat Airways has the greatest participation in corrected receivables in the amount of RSD 2,114,788 thousand or 89.18% and at the cost of the result of the Company for the current 2012 (1,645,438 thousand RSD) and the previous years (469,350 thousand RSD) .

Part of the receivables for goods and services, corrected in the previous years (at the cost of the result of previous years), and collected in 2012 in the amount of 191,936 thousand RSD was recorded in favour of the result to the company for 2012. Stated 91.09% refer to collected corrected receivables from JAT Airways in the amount of 174,836 thousand RSD, 5.97% to collected corrected receivables from JAT Tehnika in the amount of 11,450 thousand RSD, and 2.94% or 5,650 thousand RSD to collected and corrected receivables from other buyers.

Summary of receivables and value corrections from current and earlier years, per buyers of goods and services, (for accounts 202 and 203), on 31/12/2012 concurrently with balance on 31/12/2011, with account of corrected receivables in the period from 01/01/ to 31/12/2012 is given in the following table.

Summary of receivables and value corrections per buyers, for accounts 202 and 203, on 31/12/2012 concurrently with balance on 31/12/2011, with account of corrected receivables in the period from 01/01/ to 31/12/2012

No.	Buyer's name	31/12/2012				31/12/2011				Charging of disputable receivables in period HX 2012
		Receivables per buyers in RSD thousand	% Share in total receiv.	Value correction in RSD thousand from prev. years	Value correction in RSD thousand from cur. period	Receivables per buyers in RSD thousand	% Share in total receiv.	Value correction in RSD thousand	Value correction in RSD thousand	
1	Jat Airways	2,974,126.09	78.53	469,350	1,645,438	2,114,788	1,638,743	67.43	644,185	174,836
2	Jat Tehnika d.o.o.	158,275.28	4.18	92,098	56,975	149,073	144,772	5.96	103,548	11,450
3	International CG	41,452.14	1.09	31,163	10,289	41,452	41,452	1.71	31,163	0
4	Jat-Katering d.o.o.	28,671.28	0.76	28,596	0	28,596	28,621	1.18	28,596	0
5	Montenegro Airlines	75,526.43	1.99	0	0	0	90,109	3.71	214	214
6	Alitalia	18,157.30	0.48	0	0	0	12,273	0.51	0	0
7	Wizz Air	58,118.11	1.53	0	0	0	65,282	2.69	0	0
8	Fly Dubai	38,047.73	1.00	0	0	0	10,994	0.45	0	0
9	Deutsche Lufthansa	32,890.76	0.87	22	0	22	48,087	1.98	22	0
10	Branch of Austrian Airlines	29,142.39	0.77	0	0	0	26,997	1.11	0	0
11	Swiss Air	27,561.10	0.73	0	0	0	24,034	0.99	0	0
12	Turkish Airlines	21,047.90	0.56	0	0	0	13,629	0.56	0	0
13	Spanair	24.01	0.00	0	19	19	23,085	0.95	60	60
14	Other domestic and fore. buyers	284,188	7.50	34,887	1,555	36,442	262,238	10.79	43,708	5,376
I	TOTAL (ACCOUNT 202+203)	3,787,232	100.00	656,106	1,714,276	2,370,382	2,430,287	100.00	851,487	191,936
15	Rating of correction of for buyers for 2011	0		0	945	945	0		0	0
II	Balance 31/12/2012	3,787,232		656,106	1,715,221	2,371,327	2,430,287		851,487	191,936

No.	Revision of balance of receivables from dom. and fore. buyers	Amount in RSD thousand on 31/12/2012	% share in tot. receiv. from buyers	Value corr. from prev. period in RSD thousand	Value corr. from cur. period in RSD thousand	Tot. val. corr. 31/12/2012 in RSD thousand	Amount in RSD thousand on 31/12/2011	Index	% portion of balance of dom. buyers within total receivables from buyers in domestic market on 31/12/2012
1	Domestic market buyers	3,380,099	89.25	644,605	1,713,472	2,358,077	2,006,680	168.44	Jat Tehnika
2	Foreign market buyers	407,133	10.75	11,501	1,749	13,250	423,607	96.11	Amount
I	Total buyers of goods and services (1+2)	3,787,232	100.00	656,106	1,715,221	2,371,327	2,430,287	155.83	Other dom. buyers
									Total. dom. buyers
									100.00

Age distribution of receivables from buyers for goods and services is given in the following table.

Age pattern of receivables	31/12/2012	share	31/12/2011	share
	in RSD thousand		in RSD thousand	
Undue receivables from buyers	457,879	12.09%	443,300	18.24%
Due receivables, up to 60 days	321,931	8.50%	381,179	15.68%
Due, corrected receivables over 60 days	2,371,327	62.61%	851,487	35.04%
Due, non-corrected receivables over 60 days	636,095	16.80%	754,321	31.04%
Total receivables-gross	3,787,232	100.00%	2,430,287	100.00%

Summary of overdue receivables over 60 days that are not corrected by charging of the Company, based on the assessment of recoverability is performed according to the Regulations on Accounting and the accounting policies of the Company:

	31/12/2012	share	31/12/2011	share
	in RSD thousand		in RSD thousand	
Jat Airways- agreed	593,286	93.27%	593,286	78.65%
Jat Airways- estimation of charging likeliness	0	0.00%	62,854	8.33%
JAT-Tehnika	1,453	0.23%	26,086	3.46%
Montenegro	10,241	1.61%	14,976	1.99%
Wizz Air	228	0.04%	4,385	0.58%
Parking servis	2,700	0.42%	1,700	0.23%
Aviogeneks	10,027	1.58%	0	0.00%
Malev	3,972	0.62%	283	0.04%
Aerosvit	0	0.00%	7,105	0.94%
Other	14,188	2.23%	43,646	5.79%
Due, non-corrected receivables over 60 days (est. likeliness of charging)	636,095	100.00%	754,321	100.00%

In non-corrected receivables due over 60 days in amount of RSD 636,095 thousand, JAT Airways has the greatest share in amount of RSD 593,286 thousand, which makes 93.27% of total due non-corrected receivables older than 60 days. The main reason of failure to correct receivables from Jat Airways are concluded Purchase Agreements for two buildings for the amount of RSD 593,286 thousand, that the Commercial Department estimated as possible to be realised.

The Commercial department has also made assessment at the end of 2012 that it is certain to charge other due receivables from domestic buyers, due over 60 days in the amount of RSD 42,809 thousand which is partially charged during January and February in 2013.

Age pattern of receivables of JAT Airways due on 31/12/2012

Description	Receivables for services, default interest excluded	Default interest receivables	Total receivables, default interest included
1	2	3	4 (2+3)
RECEIVABLES from JAT on 31/12/2012	2,974,126	17,483	2,991,609
Undue receivables from JAT	45,519	0	45,519
Receivables from JAT, due up to 60 days	220,533	0	220,533
Receivables from JAT, due over 60 days	2,708,074	17,483	2,725,557
Receivables from JAT, due over 60 days-corrected in 2012	1,645,438	1,104	1,646,542
Receivables from JAT, due over 60 days-corrected in 2011	469,350	16,379	485,729
Total corrected receivables from JAT due over 60 days	2,114,788	17,483	2,132,271
Total non-corrected receivables from JAT due over 60 days - agreement made with JAT	593,286	0	593,286

From total balance of due corrected receivables older than 60 days from JAT Airways for services and security interest in the amount of 2,132,271 thousand RSD on 31.12.2012:

- 485,729 thousand RSD relates to the rest of uncollected, corrected receivables outstanding from 2011, and
- 1,646,542 thousand RSD relates to corrected receivables for goods, services and default interest at the expense of the current period.

Total receivables due over 60 days from buyers, on interest basis, calculated for delayed payments, amount to RSD 19,362 thousand and include all RSD 19,362 thousand for value correction (RSD 17,483 thousand refers to Jat Airways as follows: from previous years RSD 16,379 thousand and from this year RSD 1,104 thousand).

III - LIQUIDITY RISK AND CASH FLOW

Liquidity risk management demands special attention of management because liquidity represents ability of the Company to fulfil their obligation. In order to provide permanent liquidity the management of the Company set business policy based mostly on financing from own sources. Lent resources are mostly long-term and short-term obligations may be covered by short-term receivables. It is obvious that there is no liquidity risk because the Company has free resources consigned in banks in form of short-term investments, for the purpose of resource providing for financing of future investments.

Maturity of financial resources	31.12.2012.	31.12.2011.
	in RSD thousand	in RSD thousand
Up to 30 days	4,438,864	4,348,452
1 - 3 months	872,277	527,456
3-12 months	497,966	637,115
1 - 5 years	429,283	65,024
over 5 years	294,920	360,117
	6,533,310	5,938,164

Maturity of financial liability	31.12.2012.	31.12.2011.
	in RSD thousand	in RSD thousand
Up to 30 days	218,786	167,371
1 - 3 months	28,013	25,232
3-12 months	187,610	145,745
1 - 5 years	482,003	569,888
over 5 years	646,460	682,079
	1,562,872	1,590,315

Maturity of receivables for interests per loans	31.12.2012.	31.12.2011.
	in RSD thousand	in RSD thousand
Up to 30 days	16	43
1 - 3 months	6,106	6,184
1-12 months	42,811	43,036
1 - 5 years	152,774	151,527
over 5 years	106,256	131,854
	307,963	332,644

In the Table of liquidity risk and cash flow risk, there are presented cash flows, i.e. time of expected inflow and outflow of resources. We can easily notice that total receivables are higher than total obligations and also based on due dates liquidity is not endangered because short-term obligations are much less than short-term liquid resources. In short-term resources pattern the most important value is short-term financial investment that is at the second grade of liquidity, right after the cash.

Financial obligations with due date within 1 to 5 years and after 5 years are larger than financial resources within the same period, but financial resources with due date within 30 days period are sufficiently high to cover all future obligations in a manner that liquidity is not endangered in any period.

It is obvious from the summary of obligations per interests for long-term loans, per maturity that obligations per interests will not endanger liquidity of the Company.

In order to enable the Company to manage financial instrument risks it is necessary to duly manage capital risk.

Capital risk management

The aim of capital risk management is provision of such a structure of capital that will secure safety in operating, liquidity and solvency. Apart from own capital, consisting of core capital, reserves and non-distributed profit, the Company also utilizes resources of other persons in the form of long-term loans and financial leasing. The Company invests free resources from current accounts in the form of short-term deposits.

Indebtedness indicators of the Company with balance at the end of the period I-XII 2012 and at the end of 2011 are the following:

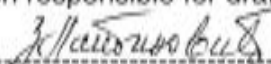
Capital risk management

	<u>31.12.2012.</u> in thousand RSD	<u>31.12.2011.</u> in thousand RSD
1 Indebtedness (ADP 113 + ADP 117)	1,351,285	1,429,386
2 Cash and cash equivalents (ADP 019)	214,383	73,304
3 Short-term financial investments (ADP 018)	1,696,340	2,478,614
1 NET INDEBTEDNESS (1 - 2 - 3)	(559,438)	(1,122,532)
4 Capital (ADP 101)	22,598,763	22,914,998
5 Ratio of net indebtedness against capital (1 / 4)	(0.02)	(0.05)

1. Indebtedness includes long-term obligations per loans, other long-term obligations and obligations per financial leasing.
2. The liquid assets I (first) degree in addition to cash and cash equivalents include short-term investments, that the Company may without the risk, in the shortest possible time, convert into the cash;
2. Capital includes share capital, reserves of the Company, non-realised losses per securities and non-distributed profit.

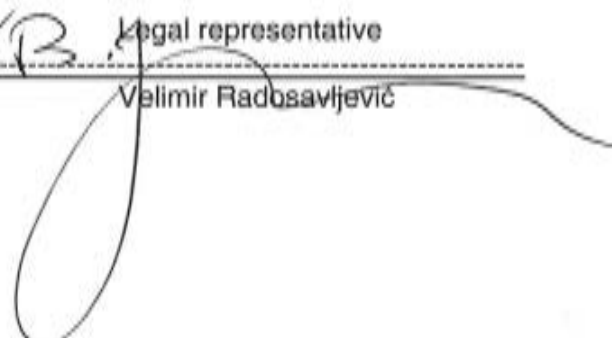
In Belgrade, 18/02/2013

Person responsible for drafting of financial statements



Zorka Latinović





Legal representative
Velimir Radosavljević

АКЦИОНАРСКО ДРУШТВО
АЕРОДРОМ "НИКОЛА ТЕСЛА"
БЕОГРАД

09 Бр. 2726
31.05.2013 год.
200

**BUSINESS REPORT
I-XII 2012**

Contents

1. GENERAL DATA OF THE COMPANY.....	58
2. MANAGEMENT DATA:.....	60
3. AIR TRAFFIC TURNOVER.....	61
3.1. AIR MOVEMENT TURNOVER.....	61
3.2. PASSENGER TURNOVER.....	63
3.3. CARGO TURNOVER.....	65
4. REVENUES AND EXPENDITURES.....	67
4.1. REVENUES.....	67
4.2. EXPENDITURES.....	71
4.3. SALARIES.....	75
4.4. FINANCIAL RESULT IN I-XII 2012.....	77
5. DESCRIPTION OF ALL SIGNIFICANT OCCURENCES, BEGAN AFTER EXPIRY OF THE REPORTED BUSINESS YEAR.....	78
6. DESCRIPTION OF EXPECTED DEVELOPMENT OF THE COMPANY IN THE FOLLOWING PERIOD, CHANGES IN BUSINESS POLICIES OF THE COMPANY, AS WELL AS MAIN RISKS AND THREATS, TO WHICH THE COMPANY IS EXPOSED.....	79
7. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT.....	83
7.1. MARKET RISK.....	83
7.2. CREDIT RISK.....	83
7.3. LIQUIDITY RISK AND CASH FLOW.....	83
8. MAJOR ACTIVITIES OF THE COMPANY WITH RELATED PARTIES.....	84
9. ACTIVITIES IN THE FIELD OF RESEARCH AND DEVELOPMENT.....	84
10. POSSESSION OF THE COMPANY'S SHARES.....	84

1. GENERAL DATA OF THE COMPANY

1	Business name	AD AERODROM "NIKOLA TESLA" BEOGRAD
	Head office and address	11180 Belgrade 59
	Register number	07036540
	TIN	100000539
2	web site and e-mail address	www.beg.aero; kabinet@beg.aero
3	Number and date of the Rescript on Company registration	<p style="text-align: center;">Number of registration: BD 4874/2005 Date of registration: 06/15/2005</p> <p style="text-align: center;">Number of registration: BD 7651/2011 Date of registration: 01/24/2011 <i>Note: AD Aerodrom "Nikola Tesla" was registered with Registry Agency as an open joint stock company.</i></p>
4	Activity (code and description)	5223-Air-traffic services
5	Number of employees	464 employees on 12/31/2012, averagely 453 employees during the year
6	Core capital value	RSD 20,573,610,000 on 12/31/2012
7	Name, head office of auditor who revised the last financial statement	Deloitte d.o.o, No. 8 Terazije St, Belgrade
8	Number of issued shares, ISIN number and CFI code	Number of ordinary shares 34,289,350 (on 12/31/2012) CFI code ESVUFR ISIN number RSANTBE11090
9	Organised exchange market on which the shares are exchanged	Beogradska berza ad Beograd, No. 1 Omladinskih brigada St, 11070 Novi Beograd

Ten leading shareholders on 01/04/2013

No.	Name of shareholder	Number of shares	% of participation
1)	THE REPUBLIC OF SERBIA	28,481,728	83.06
2)	SOCIETE GENERALE BANKA SRBIJA	408,138	1.19
3)	RAIFFEISEN BANK AD BEOGRAD	312,393	0.91
4)	UNICREDIT BANK SRBIJA AD	182,098	0.53
5)	KJK FUND II SICAV SIF	177,735	0.51
6)	DANSKE INVST TRANS-BALKAN FUN	174,617	0.50
7)	UNICREDIT BANK SRBIJA AD	171,589	0.50
8)	POLUNIN DISCOVERY FUNDS	70,516	0.20
9)	THE ROYAL BANK OF SCOTLAND PLC	48,402	0.14
10)	SVETISLAV BOŽIC	36,427	0.10

2. MANAGEMENT DATA:

Management members on the date 12/31/2012

The Supervisory Board		
No.	Name, surname and place of residence	Education, permanent employment (business name of the company and work position)
1	Snežana Paunović Peć	Bachelor of economics, Coordinator for SO Dečani
2	Denijal Kozličić, Beograd	Bachelor of economics, AUDAX, Commercial manager
3	Nebojša Andrić, Beograd	Lawyer, Democratic Party, Clerk
4	Borisav Kovačević, Beograd	Bachelor of philology, pensioner
5	Iva Đinđić Ćosić Beograd	Bachelor of Laws, JP EMS, Head of Legal Department
6	Mile Novačković, Beograd	Bachelor of economics, National employment service, Deputy Director of Belgrade Branch
7	Dragoslav Stanković, Pukovac	Economist

The Executive Board		
No.	Name, surname and place of residence	Education, permanent employment (business name of the company and work position)
1	Velimir Radosavljević, Beograd	Doctor of Engineering in Mechanical Engineering, the General Director, Chairman of Executive Board
2	Violeta Jovanović, Beograd	Master of the economy, the Executive Director
3	Dejan Milovanović, Prokuplje	Specialist Professional Engineer of Agriculture, Executive Director

Data on number of shares owned by management members are in the book of shareholders, as an official document, and are available on Internet page of the Central Securities Depository and Clearing House: www.crhov.rs

AD Aerodrom "Nikola Tesla" Beograd, as member of Chamber of Economy of Serbia, has accepted the Corporate management Codex, issued in the Official Gazette of the Republic of Serbia, no 1/2006, as well as on the web site of the Company www.beg.aero

3. AIR TRAFFIC TURNOVER

In the period I-XII 2012 it was achieved total air traffic turnover, as follows:

- 44,989 air movements,
- 3,363,919 passengers and
- 9,363 tons of cargo and mail.

3.1. AIR MOVEMENT TURNOVER

In the period from I-XII 2012 it was achieved the following number of air movements per traffic types:

Number of air movements per traffic types

Traffic types	Achievement 2011	Plan 2012	Achievement 2012	Index	Index	Participation 2011	Participation 2012
1	2	3	4	5 (4/2)	6 (4/3)	7	8
Domestic air traffic	108	116	124	115	107	0.24	0.28
International air traffic- domestic carriers	19.661	20.613	19.563	100	95	43.77	43.48
International air traffic- foreign carriers	25.154	25.724	25.302	101	98	55.99	56.24
TOTAL:	44.923	46.453	44.989	100	97	100.00	100.00

The data from the table indicate total physical air traffic volume in the period from I-XII 2012, which is at the same level compared to period I – XII 2011 and by 3% lower than number of air movements forecasted in the Business plan for 2012.

Foreign carriers have dominant participation in international air traffic, within carrier pattern of the total traffic in 2012, with participation of 56.24%; there are domestic carriers in international air traffic with 43.48% and at the end, domestic air traffic with participation of 0.28%.

Participation of the domestic traffic and foreign carriers in international air traffic has increased in comparison to the previous year. Domestic carriers in international air traffic have scored a decrease from participation of 43.77% to the participation of 43.48% as compared with the previous year.

In international air traffic of domestic carriers total turnover of 19,563 air movements was achieved, which is at the level of the previous year and 5% lower in comparison to the Plan for 2012. Domestic carriers in international traffic are: Jat Airways, Internacional CG and others.

Jat Airways with 89.76% of participation in international air traffic of domestic carriers has a dominant role.

That company has scored 3% increase of air movements in 2012 as compared with 2011 and 2% decrease in comparison with the Business plan.

In 2012 Jat Airways achieved 17,560 air movements in international air traffic and 17,105 air movements in 2011.

In 2012 Jat Airways carried out flights to new destinations, such as: Barcelona, Chania, Damask, Kos, London, London Gatwick, London Stansted, Palermo, Pula, Split, Tallinn, Thira, Tirana, Vilnius, Zadar and Geneva.

Aviogenex – Internacional CG achieved 67 air movements in 2012, while it had performed

467 air movements in the same period of the previous year.

Other carriers in international air traffic are: Princ Aviation, Pelikan, Pink Air, Verano Motors, Neonukleon, Perfekta, Avio Služba and others, who had decrease of 7% in comparison to achievement in the previous year and 15% in comparison to the Business plan for 2012.

Number of air movements of foreign carriers in international traffic

Type of traffic	Achievement 2011	Plan 2012	Achievement 2012	Index	Index	Participation 2011	Participation 2012
1	2	3	4	5(4/2)	6(4/3)	7	8
Lufhansa	3,561	3,504	3,507	98	100	14.16	13.86
Montenegro Airlines	2,901	2,973	2,905	100	98	11.53	11.48
Wizz Air	2,042	2,341	2,366	116	101	8.12	9.35
Austrian Airlines	1,807	2,025	2,355	130	116	7.18	9.31
Swiss International	1,455	1,463	1,455	100	99	5.78	5.75
Niki Luftfahrt	719	888	1,216	169	137	2.86	4.81
Turkish Airlines	736	740	981	133	133	2.93	3.88
Solinair	982	1,030	976	99	95	3.90	3.86
Aeroflot	728	732	732	101	100	2.89	2.89
Air France	728	730	726	100	99	2.89	2.87
Alitalia	692	694	710	103	102	2.75	2.81
Adria Airways	644	740	700	109	95	2.56	2.77
Olympic Airlines	548	726	631	115	87	2.18	2.49
Tarom	519	592	546	105	92	2.06	2.16
Cityline Hungary	518	520	515	99	99	2.06	2.04
Flydubai	64	371	470	734	127	0.25	1.86
Norwegian Air Shuttle	316	316	391	124	124	1.26	1.55
LOT	424	422	380	90	90	1.69	1.50
Germanwings	680	686	338	50	49	2.70	1.34
Sky Work	34	264	290	853	110	0.14	1.15
Tunis Air	172	180	220	128	122	0.68	0.87
ČSA	529	0	180	34	0	2.10	0.71
Nesma Airlines	82	82	130	159	159	0.33	0.51
Aircairo Company	8	0	122	1,525	0	0.03	0.48
Sky Airlines	0	0	108	0	0	0.00	0.43
Pegasus	104	0	102	98	0	0.41	0.40
Croatia Airlines	48	0	74	154	0	0.19	0.29
Air One	0	0	70	0	0	0.00	0.28
Nouvel Air Tunisie	0	0	50	0	0	0.00	0.20
Malev	592	598	48	8	8	2.35	0.19
Qatar Airways	0	0	36	0	0	0.00	0.14
Spanair	278	262	8	3	3	1.11	0.03
Cimber Sterling	176	124	6	3	5	0.70	0.02
Gazpromavia	28	0	6	21	0	0.11	0.02
B & H Airlines	57	0	4	7	0	0.23	0.02
Aegean Airlines	2	0	2	100	0	0.01	0.01
Air Baltic	221	221	0	0	0	0.88	0.00
Air Memphis	152	292	0	0	0	0.60	0.00
Aerosvit	144	0	0	0	0	0.57	0.00
Atlas Jet	104	0	0	0	0	0.41	0.00
Ostali	2,359	2,208	1,946	82	88	9.38	7.69
UKUPNO:	25,154	25,724	25,302	101	98	100.00	100.00

In 2012 there were 36 foreign air carriers and 2 domestic air carriers.

In international traffic of foreign carriers it was achieved 25,302 air movements, which is by 1% higher score in comparison with the previous year and 2% lower as compared with the Business plan for 2012.

In foreign carrier pattern in 2012 Lufthansa with the participation of 13.86% has got the most significant role, than Montenegro Airlines with 11.48% and Wizz Air with 9.35%. These three companies achieved 34.69% of international traffic of foreign carriers.

There are few carriers with the participation in this type of traffic in the range from 9.31 to 3.86, such as: Austrian Airlines, Swiss International, Niki Luftfahrt, Turkish Airlines and Solinair.

Cargo traffic of express mail in 2012 was carried out by three carriers: City-line Hungary, Solinair and CSA.

Low Cost carriers in 2012, there are six of them: Air One on destination Milan, Germanwings on destinations for Cologne and Stuttgart, Norwegian Air Shuttle on destinations for Oslo and Stockholm, Nikki Luftfahrt to Vienna, Wizz Air on destinations for Brussels Charleroi, Dortmund, Eindhoven, Friedrichshafen, Goteborg, London, Malmo, Memmingen, Milhouse, Rome, Skopje and Stockholm-Skavsta.

If international air traffic is considered as a whole (domestic and foreign carriers), Jat Airways has a dominant role amid all air-carriers with participation of 39.14%.

3.2. PASSENGER TURNOVER

Total passenger turnover of 3,363,919 was achieved in 2012, which is 8% higher than the achievement in 2011 and 3% lower in comparison with the Business plan for 2012.

Passenger turnover per traffic types

Traffic type	Achievement 2011	Plan 2012	Achievement 2012	Index	Index	Participation 2011	Participation 2012
1	2	3	4	5 (4/2)	6 (4/3)	7	8
Domestic air traffic	202	259	303	150	117	0.01	0.01
International air traffic- domestic carriers	1,290,764	1,453,278	1,395,896	108	96	41.31	41.50
International air traffic- foreign carriers	1,833,667	2,000,463	1,967,720	107	98	58.68	58.49
TOTAL:	3,124,633	3,454,000	3,363,919	108	97	100.00	100.00

The greatest participation in passenger turnover per air traffic types in 2012 is 58.49% of foreign carriers in international air traffic, than there are domestic carriers in international air traffic with 41.50%, while domestic traffic participates with 0.01%.

The number of the passengers transported by foreign carriers in 2012 is 7% higher as compared with the previous year and 2% lower in comparison with the Business plan for 2012.

The number of the passengers transported by domestic carriers in international air traffic is 8% higher in comparison with the previous year and also 4% lower in comparison to the Business plan in 2012.

Passenger turnover in international air traffic per carriers with the highest number of passengers

Carriers	2011	2012	Index	Participation 2011	Participation 2012
1	2	3	4 (3/2)	5	6
Jat Airways	1,237,686	1,384,319	112	39.61	41.16
Lufthansa	286,463	345,652	121	9.17	10.28
Wizz Air	295,341	292,098	99	9.45	8.68
Montenegro	225,844	251,116	111	7.23	7.47
Swiss International	160,482	169,324	106	5.14	5.03
Other	918,615	921,107	100	29.40	27.38
TOTAL:	3,124,431	3,363,616	108	100.00	100.00

The total number of passengers in international air traffic in 2012 is 3,363,616, which is 8% higher than in 2011.

Jat Airways is the leading carrier with the greatest number of passengers in international air carrier with 41.16% and is followed by: Wizz Air with participation of 10.28%, Lufthansa with 8.68%, Montenegro Airlines with 7.47% and Swiss International with 5.03%.

Passenger turnover of Jat Airways in international air traffic per destinations with the greatest number of passengers

Destinations	2011	2012	Index
1	2	3	4 (3/2)
Podgorica	102,716	95,505	93
Tivat	73,651	89,647	122
Zurich	79,956	85,212	107
London Heathrow	80,103	80,765	101
Paris	86,557	79,207	92

3.3. CARGO TURNOVER

In period I-XII 2012, 9,363 tons of cargo turnover was achieved, which is 13% less than in the same period of the previous year and 18% less compared to the Business plan for 2012.

In 2012 cargo turnover in international air traffic of domestic carriers decreased by 17% in comparison to the previous year and by 27% in comparison to the Business plan for 2012. Also in international air traffic of foreign air carriers, it decreased by 12% in comparison to the previous year and 16% in relation to the Business plan for 2012. There has been no cargo turnover in domestic air traffic in 2012 unlike the year before when cargo turnover was very low.

Cargo turnover in tons

Carriers	Achievement 2011	Plan 2012	Achievement 2012	Index	Index	Participation 2011	Participation 2012
1	2	3	4	5 (4/2)	6 (4/3)	7	8
Domestic air traffic	1	0	0	0	0	0.00	0.00
International air traffic- domestic carriers	2,168	2,451	1,789	83	73	20.06	19.11
International air traffic- foreign carriers	8,641	8,967	7,574	88	84	79.94	80.89
TOTAL:	10,810	11,418	9,363	87	82	100.00	100.00

PHYSICAL VOLUME OF TRAFFIC

	Type of traffic	Achievement I-XII 2011		Plan I-XII 2012		Achievement I-XII 2012		Indexes	
			Part icip.		Part icip.		Part icip.	5(4/2)	6(4/3)
	1	2		3		4			
1	Domestic traffic								
	Air movements	108	0	116	0	124	0	115	107
	Passengers	202	0	259	0	303	0	150	117
	Air goods and mail (tons)	1	0	0	0	0	0	0	0
2	International traffic-domestic carriers								
	Air movements	19,661	44	20,613	44	19,563	43	100	95
	Passengers	1,290,764	41	1,453,278	42	1,395,896	41	108	96
	Air goods and mail (tons)	2,168	20	2,451	21	1,789	19	83	73
3	International traffic-foreign carriers								
	Air movements	25,154	56	25,724	55	25,302	56	101	98
	Passengers	1,833,667	59	2,000,463	58	1,967,720	58	107	98
	Air goods and mail (tons)	8,641	80	8,967	79	7,574	81	88	84
4	Total								
	Air movements	44,923	100	46,453	100	44,989	100	100	97
	Passengers	3,124,633	100	3,454,000	100	3,363,919	100	108	97
	Air goods and mail (tons)	10,810	100	11,418	100	9,363	100	87	82

4. REVENUES AND EXPENDITURES

The Company performs business activity as single business segment. Accordingly, revenues and expenditures are disclosed at company level.

4.1. REVENUES

In the period I-XII 2012 JSC Airport "Nikola Tesla" achieved the total revenue in amount of RSD 7,271,500,874. Thus achieved total revenue is 14% higher in comparison to the achieved revenues in the same period of the previous year and 6% higher in comparison to the planned figures for that period.

The pattern of the achieved revenues for I-XII 2012 is shown in the table **Revenue pattern per service types**.

In the pattern of achieved revenues in 2012 Business revenues have the greatest participation of 88% of the total revenues, with RSD 6,374,602,181. The achieved revenues are 6% higher than the same in the same period of the previous year and 5% lower than the planned figures for I-XII 2012.

Within business revenues, RSD 1,921,037,001, which is 26% of total achieved revenues, regard to air services. These revenues are 2% higher than the same in the same period of the previous year and 6% lower than the planned figures in 2012.

It is important to mention that since 01/01/2012 and 01.11.2012 JSC Airport "Nikola Tesla" Beograd has decreased landing fees for all aircraft types and categories by an average of 5% and for use of centralized infrastructure by an average of 4%.

Revenues from **passenger service and security fees** were achieved in the amount of RSD 2,762,204,789 for I-XII 2012, which is 38% of the total achieved revenues and as compared with the revenues from passenger service in the same period of the previous year, these revenues are 17% higher and 1% lower than the planned figures for the same period.

In the period I-XII 2012 the revenues from **service rendering in cargo-customs warehouse** were achieved in the amount of RSD 130,246,723 and are by 17% lower than revenues on this basis in the same period in 2011 and by 29% less than the planned figures for the same period.

In the period I-XII 2012 the revenues from **other services** are 20% higher than in the same period of the previous year, 13% higher than the planned figures for I-XII 2012 and were achieved in the amount of RSD of 687,269,901. The greatest participation in these revenues refers to: revenues from public services, revenues from the CUTE system, revenues from advertising space, revenues from the commercial usage of apron, revenues from aircraft de-icing services, revenues from work-order services.

It is important to mention that in 2012 the revenues are achieved from consulting services (Mondial) in the amount of RSD 44,685 thousand.

The revenues from sales of goods mainly refer to the revenues from the sale of kerosene. In the period I-XII 2012 it was sold 3,591 tons of kerosene (2,798 tons sold to the air carrier Montenegro Airlines), while in the same period of the previous year it was sold 6,984 tons of kerosene. Achieved revenues from sale of kerosene and goods for the period I-XII 2012 are lower by 36% in comparison to the same period of 2011, while in comparison to the planned figures for the period I-XII 2012 they had decreased by 39%.

In the period I-XII 2012 revenues from renting of **business facilities** are achieved in the amount of RSD 513,780,656, which is 16% higher than in the same period of 2011 and 8% than the planned figures for the same period. The greatest portion of these revenues refers to renting of business facilities to Dufry Company.

Financial revenues (group 66) in the period I-XII 2012 are disclosed in amount of RSD 496.526.918 and are higher by 47% in comparison to the same period of the previous year because the realised exchange rate differences are significantly higher in this year than in the same period of the last year.

In the pattern of financial revenues for I-XII 2012 the greatest part refers to realised exchange rate differences in amount of RSD 361.040.365, then interests in amount of RSD 126.097.682 and non-realised exchange rate differences in amount of RSD 9.388.880.

Other revenues (group 67 and 68) in the period I-XII 2012 were achieved in the amount of RSD 400,371,776 and are by 432% higher in comparison to the same period in 2011. The reasons for disclosed increase of these revenues in the period of I-XII 2012 are the following:

1. Collected receivables in the amount of RSD 191,976,158, were in earlier years placed on value correction if receivables, of which the largest portion refers to Jat Airways in the amount of RSD 174,836,180;
2. Cancellation of reserving for litigation for takeover of the parking garage service in the amount of RSD 21,099,640;
3. The increase in fair value of residential loans on the basis of assessments by the Faculty of Economics in the amount of RSD 97,693,320;
4. Cancellation of value correction for receivables for housing loans for employees which are transferred to currency clause in the amount of RSD 53,887,051;
5. The estimates of fair value of investment properties Borik in the amount of RSD 6,318,719 (est. Faculty of Economics).

Planned euro exchange rate for year 2012 amounts to RSD 109.00, and the realized average middle euro exchange rate for the period January-December 2012 amounted to RSD 113.04.

Major buyers, from the point of participation in revenues from sale in 2012 are: Jat Airways RSD 1,401,346 thousand, Montenegro Airlines RSD 633,377 thousand and Deutsche Lufthansa RSD 601,145 thousand.

REVENUE PATTERN

I	Type of service	Description	Realization	Plan	Realization	Index	
			2011	2012	2012	7(5/4)	8(5/5)
	2	3	4	5	6		
	Air services domestic carriers						
	61200+61200	Landing	123,435,068	134,311,714	119,728,778	97	89
	612010+612310	Lighting	21,326,182	23,111,605	23,933,324	112	104
	612030+612330	Handling	127,315,844	143,420,205	131,666,532	103	92
	612040	Infrastructure	76,504,539	83,028,784	74,119,289	97	89
	612050	Air-bridges	12,680,559	16,487,340	566,728	4	3
	612020+612320	Aircraft abode tax	4,856,791	5,396,013	2,994,995	62	56
I	Total air services (domestic carriers):		366,118,983	405,755,662	353,009,658	96	87
	Air services foreign carriers						
	613010+613011	Landing	525,764,188	555,172,319	501,488,288	96	90
	613020+613021	Handling	518,061,848	568,978,712	577,992,722	112	102
	613030+613031	Lighting	39,143,712	39,646,204	47,111,976	120	119
	613040	Infrastructure	312,807,347	330,659,940	318,175,954	102	96
	613050	Air-bridges	100,162,876	111,560,810	103,238,162	103	93
	613000+613001	Aircraft abode tax	19,926,913	21,586,933	20,020,242	100	93
II	Total air services (foreign carriers):		1,515,866,785	1,627,604,917	1,568,027,345	103	96
III	Total air services		1,881,985,768	2,033,360,579	1,921,037,001	102	94
	Passenger service						
	612400 - domestic carriers - domestic traffic	Passenger service domestic carr/ traff	33,304	44,736	38,791	116	87
	612410 - domestic carriers - international traffic	Passenger service d. carr/intl traff	768,204,028	920,225,330	873,496,051	114	95
	613200 (foreign carriers)	Passeng. service intl carr	1,163,132,887	1,355,397,374	1,363,463,638	117	101
	612420+612430+613230-security fees		437,566,098	516,895,238	525,206,298	120	102
III	Total passenger service		2,368,936,317	2,792,562,678	2,762,294,789	117	99
	CCW services						
	612500+612510	CCW services dom.market	139,029,018	162,129,078	104,532,846	75	64
	613300 +613310 (foreign)	CCW services foreign market	18,777,415	20,875,841	25,713,876	137	123
IV	Total CCW services		157,806,434	183,004,918	130,246,723	83	71
V	Total services in air traffic (I to IV):		4,408,728,518	5,008,928,175	4,813,488,512	109	96

	Other services								
1	612100+612360+613100	DCS services	24,931,049	27,021,274	29,404,129	118	109		
2	612110+612170+612180+613891+613892+613893+613895	Workorder	44,919,067	42,857,758	39,488,811	88	92		
3	612130+612131+613072+612370+613071	VIP saloon	5,492,574	4,935,293	5,684,929	104	115		
4	612140+612390+613090	CUTE (dom + foreign)	83,789,546	89,683,587	109,036,546	130	122		
5	613080+612380	Lost and found services	18,177,650	19,721,749	21,567,619	119	109		
6	6126+613120+613400+613401	Public services	129,755,410	132,408,515	142,825,222	110	108		
7	612820+612821+613170	Catering services business class	11,636,956	11,744,891	30,965,825	266	264		
8	612870+613810	Advertising space	63,215,922	66,115,024	57,328,963	91	87		
9	612883	Commercial usage of apron	59,429,409	62,898,135	69,013,528	116	110		
10	612160+613110	Aircraft de-icing service	46,117,523	53,705,115	82,303,017	178	153		
11	Other non-mentioned services-dom+foreign		86,494,883	98,387,402	99,651,312	115	101		
VI	Other services (1 to 11):		573,959,990	609,478,743	687,269,901	120	113		
VII	Total 61-Revenues from sale of services (V+VI)		4,982,688,509	5,618,406,918	5,500,758,413	110	98		
VIII	Revenues from sale of goods		562,293,871	585,692,100	360,063,112	64	61		
IX	Total (60++61) REVENUES FROM SALE (VII+VIII)		5,544,982,380	6,204,099,018	5,860,821,525	166	94		
X	64 i 65 - Renting of business facilities		443,339,480	476,493,657	513,780,656	116	108		
XI	BUSINESS REVENUES (IX+X)	60+61+62+64+65	5,988,321,860	6,680,592,674	6,374,602,181	106	95		
XII	66-FINANCIAL REVENUES		337,596,198	154,306,613	496,526,918	147	322		
1	interests		145,134,916	154,306,613	126,097,682	87	82		
2	exchange rate differences -realised		98,161,299	0	361,040,356	368	0		
3	exchange rate differences -non-realised		94,299,983	0	9,388,880	10	0		
XIII	67 and 68 OTHER REVENUES		75,263,623	38,700,584	400,371,776	532	1,035		
XIV	Total revenues (XI+XII+XIII)		6,491,291,681	6,873,599,871	7,271,500,874	114	106		

4.2. EXPENDITURES

In the period I-XII 2012 **total expenditures** were achieved in the amount of RSD 6,342,336,830. Thus achieved expenditures are 34% higher than the expenditures achieved in the same period of the previous year and 41% higher than the figures in the Plan for I-XII 2012.

The purchase value of sold goods (group 50) almost completely refers to the purchase value of the sold kerosene. For **purchase value of sold kerosene** it was spent RSD 332,619,817 or 37% less than in the same period of the previous year and 40% less in comparison to the Plan for I-XII 2012. Regarding the fact that the kerosene is also registered both on revenues and expenditures, the real revenue of the Company is realised price difference, which amounted for the period I-XII 2012 RSD 24.861.755. Average participation of price difference in sale value of kerosene for the period I-XII 2012 is 6.95% while in the same period in 2011 it was 5.58%.

The costs of materials (group 51) participates in total expenditures with 8% and mostly refer to: costs of electrical power, costs of basic material, costs of fuel, diesel, fuel oil for heating, as well as cost spare parts for investment maintenance of working devices.

The most of total expenditures refers to the **costs of salaries, reimbursements and other personal earnings** (group 52), amounting for the period I-XII 2012 RSD 1,092,466,648. The costs of salaries of employees (gross II membership fees to Chambers excluded) of Aerodrom "Nikola Tesla" Beograd amount RSD 745,493,830, whereas the costs for persons engaged through Youth organizations amount RSD 270,787,458 (youth organizations Fan, Beograd, Knez, Milenijum, Medijator and Europa). Apart from salaries in the group 52 there are also included reimbursements per contracts (service contracts), reimbursements per temporary and occasional jobs, part-time work contracts, reimbursements for the members of the Board of Directors and the Supervisory board and members of the Assembly of Shareholders and other personal expenditures (transport of employees, business trip wages, costs of trips and joint assistance).

The costs of **amortization and reserving** (group 54) for the period I-XII 2012 amounted to RSD 745.181.732, where the included net cost of amortization amounted RSD 670.773.218.

The most of the **costs of production services** (group 53) and **intangible costs** (group 55) refers to the **costs of services** of OZB Komerc RSD 921,533,244. Adding this amount to total costs for salaries, reimbursements and other personal earnings of employees (group 52) we come to the amount of RSD 2,013,999,892, which makes 31.75% of total expenditures of the period.

Pattern of the **costs of production services** includes:

- **the costs of transport services**, where the most part refers to the costs of services of OZB Komerc for Ground-handling department in the amount of RSD 294,763,684, then the costs of informing and passenger check-in-SITA, Air France, the costs of monthly support to the CUTE system per contract, the costs of postal services and others.

- **the costs of other services** mostly referring to the services of OZB Komerc for Security department in the amount of RSD 380,932,876, then the costs Dufry's services, costs of water, drainage, and the other.

- **the costs of renting** referring to business facility renting.

- **the costs of advertising.**

Pattern of the **intangible costs** includes:

- **the costs of non-production services**, where the most part refers to the costs of services of OZB Komerc for the Technical maintenance, Investment, Commercial, Financial and Legal departments in the amount of RSD 245,836,683, then the cleaning services, costs of occupational health-JAT, the services of newly-incorporated companies – agricultural operative and parking, the costs of advanced trainings and others.

The costs of insurance premiums
Taxing costs
The costs of payment operations
The costs of membership fees
The representational costs and
Other intangible costs

The costs of salaries, reimbursements and other earnings (group 52), the services of OZB Komerc and amortization realised in 2012 in total amount of RSD 2,684,773,111 make 42.33% of total expenditures and 36.92% of total revenues of JSC Belgrade "Nikola Tesla" Airport is needed to cover them.

Financial expenditures (group 56) in period I-XII 2012 are disclosed in the amount of RSD 302,062,421 and are 18% higher than in the same period of the previous year.

In the pattern of financial expenditures, expenditures realized from interest participate with 23.85%, amount RSD 72,050,497 and are 7% lower than in the same period of the previous year. The mentioned expenditures from interest refer to the interests for long-term liabilities per loans (EIB – reconstruction of the Terminal, housing loans and financial leasing).

Realised and non-realised negative exchange rate differences were achieved in the amount of RSD 230,011,923 and participate with 76.15% in the pattern of financial expenditures.

Other expenditures (group 57 and 58) in period I-XII 2012 were achieved in the amount of RSD 1,819,543,201, are 139% higher than in the same period of the previous year and mainly refer to: depreciation of receivables from domestic buyers (RSD 1,713,483,707) within which the most part refers to JAT in the amount of RSD 1,645,437,759 (default interest excluded), decrease of housing loans due to transfer to currency clause – short-term and long-term (RSD 70,201,662).

Main suppliers from the point of turnover in 2012: OZB Commerce (RSD 1,085,368,831) and Deneza M Inženjering doo (RSD 609 400 837).

Receivables from Jat Airways

Due, corrected receivables from Jat Airways, older than 60 days default interest excluded on 12/31/2012 totally amount to RSD 2,114,788 thousand:

RSD 1,645,438 thousand (default interest excluded), receivables from Jat Airways older than 60 days, was booked as correction of receivables value.

Receivables from Jat Airways older than 60 days, booked as correction of receivables value, in amount of RSD 469,350 thousand.

Due, uncorrected receivables from Jat Airways older than 60 days, amount to RSD 593,286 thousand and are settled by:

1. Conclusion of the agreement, referring to settlement of a part of the debt of Akcionarsko Društvo za vazdušni saobraćaj "Jat Airways" ad Beograd (Air carrier, joint stock company "Jat Airways") to Akcionarsko Društvo Aerodrom "Nikola Tesla" Beograd, in the amount of RSD 593,285,743 by transferring the following property of Jat Airways to Aerodrom "Nikola Tesla" Beograd: building of Flight operations (RSD 197,087,517-approximate estimation) and building of training centre (RSD 396,198,226 -approximate estimation);

EXPANDITURE PATTERN

Account	Account name	Realization I-XII 2011		Plan I-XII 2012		Realization I-XII 2012		INDEX	
		3	4	5	6 (5/3)	7 (5/4)			
1	2	529,292,615	551,560,812	333,270,120	63	60			
50	PURCHASE VALUE OF SOLD GOODS	529,292,615	551,560,812	333,270,120	63	60			
501	PURCHASE VALUE OF SOLD GOODS	529,292,615	551,560,812	333,270,120	63	60			
51	COSTS OF MATERIALS	373,933,026	501,956,479	491,298,258	131	98			
511	COSTS OF MATERIALS FOR PRODUCTION	99,651,315	151,694,380	178,875,500	180	118			
512	COSTS OF OVERHEADS	64,897,856	126,280,000	75,884,235	117	60			
513	COSTS OF FUEL AND ENERGY	209,383,854	223,982,099	236,538,524	113	106			
52	SALARIES, REIMBURSEMENTS	888,702,881	1,094,355,147	1,092,466,648	123	100			
520	SALARIES AND REIMBURSEMENTS-GROSS	514,314,697	623,251,248	632,539,881	123	101			
521	TAXES AND CONTRIBUTIONS AT THE COST OF EMPLOYER	91,810,384	111,218,238	112,953,949	123	102			
522	REIMBURSEMENT FOR SERVICE CONTRACTS-GROSS	1,224,151	1,354,191	930,446	76	69			
524	COSTS OF REIMBURSEMENTS PER TEMPORARY AND OCCASIONAL JOBS-GROSS	232,233,829	291,972,470	272,838,320	117	93			
525	REIMBURSEMENT FOR NATURAL PERSONS-GROSS	388,036	382,809	351,940	91	92			
526	REIMBURSEMENT MEMBERS OF BoD, SuperRv.B, Assembly-GROSS	11,231,310	13,027,295	12,447,209	111	96			
529	OTHER PERSONAL EXPENDITURES	37,500,474	53,148,895	60,404,903	161	114			
53	COSTS OF PRODUCTION SERVICES	846,714,724	1,094,066,653	1,051,934,849	124	96			
531	COSTS OF TRANSPORTATION SERVICES	373,776,482	397,936,137	368,924,743	99	93			
532	COSTS OF MAINTENANCE SERVICES	111,784,770	274,236,600	185,408,135	166	68			
533	COSTS OF LEASE	4,571,842	3,710,245	11,260,954	246	304			
535	COSTS OF ADVERTISING	24,918,390	35,000,000	29,102,247	117	83			
536	COSTS OF OTHER SERVICES	0	0	4,856,565	0	0			
539	COSTS OF AMORTIZATION AND RESERVES	331,663,240	383,203,671	452,382,206	136	118			
54	COSTS OF AMORTISATION	666,148,317	700,000,000	745,181,732	112	106			
540	OTHER LONG-TERM RESERVES	634,384,240	700,000,000	670,773,219	106	96			
545	INTANGIBLE COSTS	16,434,077	0	38,408,513	234	0			
549	COSTS OF NON-PRODUCTION SERVICES	15,330,000	0	36,000,000	236	0			

55	COSTS OF REPRESENTATION	413,268,564	459,614,656	506,579,601	123	110
550	INSURANCE PREMIUMS	281,960,393	314,135,848	363,637,280	129	116
551	COSTS OF PAYMENT SYSTEM	6,640,322	5,246,549	11,096,240	167	211
552	COSTS OF MEMBERSHIPS	20,921,285	33,344,953	26,574,415	127	80
553	COSTS OF TAXES	6,899,062	7,100,153	5,618,860	81	79
554	OTHER INTANGIBLE COSTS	3,648,504	3,420,450	4,227,047	116	124
555	FINANCIAL EXPENDITURES	73,977,833	77,626,221	75,853,281	103	98
559	INTEREST EXPENDITURES	19,221,176	18,740,493	19,572,478	102	104
56	NEGATIVE EXCHANGE RATE DIFFERENCES	256,853,283	68,665,008	302,062,421	118	440
562	EXPENDITURE OF EXCHANGE CLAUSE RISK	77,452,107	68,665,008	72,050,497	93	105
563	OTHER EXPENDITURES	179,373,966	0	209,276,101	117	0
564	LOSS FROM EXPENDITURES	27,179	0	20,735,823	76,292	0
57	PROTECTION FROM REVALUATION RISK	54,044,472	36,329,185	33,256,710	62	92
570	OTHER NON-MENTIONED EXPENDITURES	19,639,227	1,909,926	161,305	1	8
574	EXPENDITURES FROM PROPERTY DEVALORIZATION	1,006,619	0	153,851	0	0
575	IMPAIRMENT OF RECEIVABLES AND SHORT-TERM FIN. INVESTMENTS	898	0	722	80	0
576	PURCHASE VALUE OF SOLD GOODS	138,239	0	114,479	83	0
577	PURCHASE VALUE OF SOLD GOODS	0	0	91,004	0	0
579	COSTS OF MATERIALS	33,259,489	34,410,259	32,735,349	98	95
58	COSTS OF MATERIALS FOR PRODUCTION	704,995,281	0	1,786,286,491	253	0
582	COSTS OF OVERHEADS	46,000	0	72,000	157	0
583	COSTS OF FUEL AND ENERGY	24,260,966	0	280,983	1	0
584	SALARIES, REIMBURSEMENTS	27,378	0	0	0	0
585	SALARIES AND REIMBURSEMENTS-GROSS	680,660,907	0	1,785,933,508	262	0
	TOTAL EXPENDITURES	4,733,953,163	4,505,559,949	6,342,336,830	134	141

4.3. SALARIES

In the period I-XII 2012 the total sum paid for salaries amounted RSD 632,539.881 (gross I), which is 23% higher than in the same period of 2011 and 1% more than the planned amount for 2012.

Summary of paid salaries (gross I) in the period I-XII of the current year is given in the table per months:

SALARIES GROSS I

Month	Achievement 2011	Plan 2012	Achievement 2012	Index	
				5 (4/2)	6 (4/3)
1	2	3	4		
January	40,561,514	48,755,248	48,755,248	120	100
January-Christmas bonus	8,965,649	9,565,000	9,308,013	104	97
February	39,596,585	49,100,000	48,252,313	122	98
March	39,582,128	46,909,000	47,015,940	119	100
April	41,996,814	52,075,000	51,637,778	123	99
April-Eastern bonus	8,971,421	9,872,000	9,521,990	106	98
May	41,695,362	52,075,000	51,258,103	123	98
June	41,220,805	50,000,000	50,765,959	123	102
July	41,601,148	50,600,000	52,594,094	126	104
August	42,428,608	50,600,000	53,012,116	125	105
August- school supplies	0	0	1,862,883	0	0
September	41,428,252	50,600,000	51,674,935	125	102
October	40,872,297	51,100,000	51,842,607	127	101
November	41,989,484	51,100,000	52,179,962	124	102
December	43,404,631	51,100,000	52,857,940	122	103
Total salaries	496,377,627	604,014,248	611,846,996	123	101
Total Christmas bonus + sch.supp.	17,937,070	19,237,000	20,692,886	115	108
Total salaries+Christmas bonus + sch.supp.	514,314,697	623,251,248	632,539,881	123	101

We can see in the table that in the period I-XII 2012 there were paid out salaries to employees according to individual work contracts as well as single payments, as Christmas and Eastern bonuses, to each employee, in the same amount of RSD 15,000.00 net, as well as school supplies for children of employees in the amount: for elementary education RSD 6,000.00 net and for secondary education RSD 8,000.00 net.

Considering that this payment is, from the point of taxes and contributions, regarded as salary, the costs of salaries of the Company and average, paid out salary are increased by the amount of the gross II-RSD 24,477,598 (gross I amounts RSD 20,692,885).

In the period I-XII of the current year average gross I salary with the Christmas and Eastern bonuses and school supplies for children of employees in the Company amounted RSD 116,497 and is 15% higher than the same for the previous year. Average net salary with the Christmas and Eastern bonuses and school supplies for children of employees in the Company amounted to RSD 82,642. Course of average gross I salary in the Company is shown in the table:

AVERAGE SALARY GROSS I

Month	AD ANT
January	132,100
February	107,793
March	105,863
April	137,999
May	116,010
June	111,359
July	114,620
August	120,007
September	112,386
October	113,057
November	114,212
December	112,559
Average I-XII 2012	116,497

4.4. FINANCIAL RESULT IN I-XII 2012

In the period I-XII 2012 net profit of the company was disclosed in the amount of RSD 727,657,104. Thus disclosed net profit is 54% lower than the net profit in the same period of the previous year.

FINANCIAL RESULT

No.	POSITION	Achievement I-XII 2011	Plan I-XII 2012	Achievement I-XII 2012	Index	
					6 (5/3)	7 (5/4)
1	2	3	4	5		
1	Business revenues	5,988,321,860	6,680,592,674	6,374,602,181	106	95
2	Business expenditures	3,718,060,127	4,401,573,756	4,220,731,208	114	96
3	Business profit (1-2)	2,270,261,734	2,279,018,918	2,153,870,973	95	95
4	Financial revenues	337,596,198	154,306,613	496,526,918	147	322
5	Financial expenditures	256,853,283	68,666,008	302,062,421	118	440
6	Financial profit (4-5)	80,742,915	85,640,605	194,464,497	241	227
7	Other revenues	75,283,623	38,700,584	400,371,776	532	0
8	Other expenditures	759,039,753	36,320,185	1,819,543,201	240	5,010
9	Other profit (7-8)		2,380,399			0
9a	Other loss (8-7)	683,756,130		1,419,171,426	208	0
10	Total revenues (1+4+7)	6,401,201,681	6,873,599,871	7,271,500,874	114	106
11	Total expenditures (2+5+8)	4,733,953,163	4,506,559,949	6,342,336,830	134	141
12	Total gross profit (10-11)	1,667,248,518	2,367,039,922	929,164,044	56	39
13	Period tax expenditure	89,846,278		56,115,379	62	0
14	Deferred period tax expenditure	0		145,391,561	0	0
15	Deferred period tax revenue	2,890,845		0	0	0
16	Paid-up personal receiving to employer (interim dividend)	0		0	0	0
17	Net profit	1,580,293,086		727,657,104	46	0

In disclosing of the business result for 2012 the amount of RSD 1,645,437,759 (default interest excluded) of receivables from Jat Airways is corrected and this correction is contained at the position Other expenditures. By adding the corrected receivables from "Jat Airways" in the amount of RSD 1,645,437,759 to the disclosed gross profit for 2012 in the amount of RSD 929,164,044, we come to the amount of RSD 2,574,601,803 as gross profit.

5. DESCRIPTION OF ALL SIGNIFICANT OCCURENCES, BEGAN AFTER EXPIRY OF THE REPORTED BUSINESS YEAR

Works on the expansion of the apron C

AD Belgrade Nikola Tesla Airport concluded with the consortium which leading member is the company Planum from Belgrade on 10.01.2013 public procurement contract number 17-4/2013 for the execution of works to expand the apron C.

The contract value of the works amounts to RSD 293,685,963.70 VAT excluded.

The contractor has been introduced into business on 30.01.2013. The contractual deadline for completion is 180 days.

It is anticipated that the existing platform C and taxiway F extend for an additional 26,000 m² (170mx145m). Extension of apron C enables parking of 4 aircraft with coding letter" C" (Boeing 737-800) or 2 aircraft of code-letter" E" (Boeing 747-400). After expansion the Airport Nikola Tesla will dispose of 27 parking positions.

Expanded part of apron C and taxiway F will be derived as a concrete pavement structure with supporting infrastructure (cable and sewer lines), in accordance with regulations and international standards. On the part of the taxiway F, which is part of the extension of apron C, provides a recessed lighting system that will allow operation in low visibility conditions, CAT IIIB. To light the extended part of the apron it is provided for setting up 5 reflector poles.

Dimensions and capacity of expanded part of the apron C will provide parking and servicing of the largest categories of aircraft.

6. DESCRIPTION OF EXPECTED DEVELOPMENT OF THE COMPANY IN THE FOLLOWING PERIOD, CHANGES IN BUSINESS POLICIES OF THE COMPANY, AS WELL AS MAIN RISKS AND THREATS, TO WHICH THE COMPANY IS EXPOSED

Plan of air traffic turnover of the Company for 2013 is made in line with business policy of the Company which prescribes increase of air traffic volume as follows: air movements by 2%, passengers by 6% while the cargo is at the level of realization for 2012.

At the beginning of 2013 there were some changes in the number of air-carriers and cancellations of services:

- **Air One** - Belgrade – Milan, cancelled route from 08.01.2013.
- **Air France** – Belgrade – Paris, cancelled route from 03.03.2013.
- **Fly Niki** – Belgrade – Vienna, cancelled route from 28.01.2013.
- **Sky Work** – Belgrade- Bern, cancelled route from 31.03.2013.

On the other hand, it was announced introduction of a new airline – who will offer one new line from Belgrade for the time being:

- **EasyJet** - Belgrade - Milan, flights start from 19.04.2013.

For the summer season 2013 some of the companies announced a significant increase in traffic and capacity:

- **Wizzair** from 01.06.2013 introduces a base for other aircraft which entails the opening of new routes and increase frequencies on existing:

- o CRL – CHARLEROI A/P
- o CFU CORFU A/P
- o DTU – DORTMUND A/P
- o EIN – EINDHOVEN A/P
- o FMM – MEMINGEN A/P
- o GSE – GOTHENBURG A/P
- o LTN – LUTON A/P
- o MLH – MULHOUSE A/P
- o BVA BEAUVAIS A/P
- o MMX – STURP A/P
- o RHO RHODES A/P
- o ROM FIUMICINO A/P
- o NYO SKAVSTA A/P
- o TRF SANDEFJORD

- **Turkish Airlines** announces second daily flight during the season 2013, starting from 25.03.2013.
- **Aeroflot** announces larger aircraft type A-321, during the season 2013, starting from 31.03.2013, as well as introducing other daily frequency from 02.05.2013.

In the part of announced charter flights a rich summer season is planned:

- **Croatia Airlines** announces a series of charter flights to Split from 31.05.2013.
- **Sky Airlines**
- **Nesma Airlines** is announcing a series of charter flights to Hurghada from 26.04.2013.
- **Air Cairo** announces a series of charter flights to Hurghada from 06.06.2013.
- **Midwest** announces a series of charter flights to Hurghada from 19.04.2013.
- **Sunline** announces a series of charter flights to Hammamet from 11.06.2013.

Airlines with which Airport already operates, as well as the national airline JAT in the summer season plan to offer more flights to popular seasonal destinations. All this contributes to the increase of traffic volume, and makes the Belgrade airport even more attractive both for the airlines and passengers.

The Airport has corrected prices for aircraft handling services. Air carriers are really interested in having high quality services performed quickly and at the lowest possible price. Indirectly, passengers also take advantage of such service, which makes ticket price considerably lower.

There are ongoing works on great infrastructure project of extension of terminal building in order to provide better comfort for passenger and much more facilities.

Exceptional geographic position, space capacity, navigation and exploitation conditions and communication with other means of transport enables Airport "Nikola Tesla" to become the regional centre of air traffic in South-east Europe.

Unfortunately, poorly developed road infrastructure and inadequate transport organization present a major obstacle to economic growth, increase of productivity, competitiveness and employment, as well as faster and better exchange of goods and services of the Serbia with the environment and the world. The unstable economic and political situation also affects the decision passengers to travel at this time (either postpone or seek alternative modes of transportation) and therefore airlines to increase the existing traffic volumes or introducing new destinations.

World economy crisis made huge impact on offer/demand in air services in Europe. Many airline companies are affected by the growth in energy prices and the general trend of increasing costs and competition has a positive effect on the price of air tickets but on the other hand leads to a high risk in the business of airlines themselves.

Several airline companies that have significant traffic from Belgrade Airport are committed significant reconstruction of their lines in the past year, which tells us about further developments in this field of transport.

For example a SWOT analysis shows the following strategic choices by association of strengths and weaknesses of the company with opportunities and threats in the external environment:

- STRENGTHS

A growing number of passengers

The constancy of the quality of service

Investments in infrastructure, equipment and training

About 7 million potential customers in the region gravitating toward the Airport " Nikola Tesla"

Belgrade

Stabilization in the economic and political terms

- WEAKNESSES

A high seasonality

A little demand for business class

Difficult sustainability of regularity of company profits and the threat to the performance of the planned loss of business especially during the start of flights

A low level of living standards for the population

- OPPORTUNITIES

- Development of existing traffic on the lines that are not serviced
- Increase of traffic in off-season through a variety of activities and forms of cooperation (City break, budget travelers, etc.)
- Development of traffic to the middle and far east destinations and to north America primarily to Toronto

- THREATS

- Restrictive policies of companies affects their withdrawal from the market that have poor prospects and competitiveness
- Strengthening other airports in the region (Skoplje, etc.)
- Possibility of de-liberalization of the visa regime

Urbanism

JSC Belgrade "Nikola Tesla" Airport started the process of elaboration of the Spatial plan of the region of a special-purpose, as a planning document that will be the basis for future development of the Company. Spatial plan of special purpose shall be established spatial and technological composition of facilities, based on the best global practices and internationally established standards and recommendations. The planning document will include all the necessary facilities for a modern airport management.

Facilities – execution of works

JSC Belgrade "Nikola Tesla" Airport has contracted development of technical documentation for the reconstruction and expansion of A and C waiting rooms and finger halls. The project is divided into four phases. The first three stages of design involve filling the space between the existing waiting rooms by extension of the existing finger halls. In the fourth stage of designing is the construction, on the roof of the building, of the hall for incoming passengers and vertical communication from apron to the roof hall. Works are completed on the first phase in which 4000 m² of existing terminal space was reconstructed, and added new space of 3000 m². Terminal capacity is expanded and quality of services offered to passengers increased. Additional space for commercial facilities is provided. At the end of the third quarter of 2013, continuation of the works is planned, i.e. the second phase of expansion of the A and C finger halls and waiting rooms. Reconstruction of the existing 2,300 m² of existing terminal area and the construction of new 300 m² is planned. Works are completed on the new transformer station "Terminal 1", of installed capacity of 2 MVA. Additional power capacities are provided for reliable supply of electricity to the consumers at the airport complex.

Facilities - technical documentation

Performed forecasts indicate that in the future it is reasonable to expect significant increase in the number of passengers. For 2013 it is planned to develop technical documentation for the reconstruction of Terminal 1, which will create conditions for increasing the capacity of the terminal to provide handling of additional 1.5 million passengers per year, increased space for the development of commercial facilities and attracting users who were not sufficiently present at the Airport "Nikola Tesla" Belgrade (charter and low cost companies).

Due to the increasing number of passengers, and to allow the unhindered flow of traffic, the construction of a new waiting area for passengers to be transported by bus to the aircraft is planned. It is anticipated that the waiting room area for open positions be approximately 650 m². During the 2013 is planned development of technical documentation for the construction of the waiting room.

Infrastructure – execution of works

Work is in progress to expand the airport apron "C" for parking and handling of aircraft. It is foreseen to extend the platform C for an additional 25 500 m². By extending the apron we shall get 4 new parking positions for aircraft with code letters C or a combination of larger aircraft category. Dimensions and capacity of the new apron enables parking and servicing of all to date manufactured aircraft.

In addition to these major projects, the plan is to construct infrastructure facilities, new heating pipeline, facility of the official passage D, garage for accommodation of airport equipment and vehicles for handling of aircraft on apron etc.

In addition to regular activities the following is also planned:

- Further development of the training centre in the direction of certification in aviation authorities of the countries in the region, so that certificates of competence issued to the ANT, would be recognized throughout the region;
- In cooperation with the CAD drafting of a new training plan for the staff with new profiles;
- Development of a system for human resources database management;
- Preparations for the introduction and implementation of the quality system ISO 9001, 14001 and 18001 at the level of the Company;
- Monitoring and introduction of new domestic and international regulatory for security (safety) systems management at the airport;
- Application of new methods for reducing the presence and dispersal of birds and other animals;
- Upgrading to a higher level the monitoring of quality standards of services to ANT users.

7. FINANCIAL INSTRUMENTS AND AIMS OF FINANCIAL RISK MANAGEMENT

Due to market risks, which influence on financial instruments, the management of the Company vigilantly monitors risky developments and take precautionary measures for risk management.

7.1. MARKET RISK

a) Currency risk

By analysis of financial resources and obligations at the end of 2012, we can conclude that the Company operates with low currency risk. It is due to the fact that almost all long-term receivables are contracted with currency clause.

b) Risk of interest rate change

Risk of change of interest rate does not represent significant risk for the Company. Financial instruments with contracted interest are mainly defined with fixed interest rate. Therefore, change of interest rate will not considerably influence revenues and expenditures of the Company

7.2. CREDIT RISK

The Company estimates that the greatest of the risks affecting financial instruments is credit risk. The Company has huge receivables of domestic and foreign buyers and the credit risk permanently exists. In order to diminish this risk, the Company monitors charging realisation on regular basis. It analyses value of recovery in contracted term, payment default and non-recovered receivables.

Receivables from buyers refer to many clients, whereof the greatest part refers to receivables from JAT Airways.

The largest participation in due, corrected receivables older than 60 days (default interest excluded) has Jat Airways in the amount of RSD 2,114,788 thousand (default interest excluded) and at the cost of the result of the Company of current 2012 (RSD 1,645,438 thousand) and previous years (RSD 469,350 thousand)

Within disclosed, due, non-corrected receivables older than 60 days in the amount of RSD 636,095 thousand, RSD 593,286 thousand refer to Jat Airways.

7.3. LIQUIDITY RISK AND CASH FLOW

Management of liquidity risk demands special attention of the Management of the Company. Therefore the Management has established business policy mostly based on financing from own resources. Outside funds are mostly long-term resources and short-term obligations can be covered from short-term receivables. In support of the fact that there is no liquidity risk, we have to mention that the Company has free funds deposited in banks as short-term investments, mainly for financing of future capital expenditures.

8. MAJOR ACTIVITIES OF THE COMPANY WITH RELATED PARTIES

JSC Belgrade "Nikola Tesla" Airport does not have business with related parties.

9. ACTIVITIES OF THE COMPANY IN THE FIELD OF RESEARCH AND DEVELOPMENT

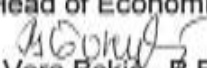
JSC Belgrade "Nikola Tesla" Airport has no activities in research and development.

10. POSSESSION OF THE COMPANY'S SHARES

JSC Belgrade "Nikola Tesla" Airport did not acquire its own shares.

Belgrade, April 2013

Head of Economics, Planning and Analysis


Vera Bokic, B.E.



Finance Department Director


Ljiljana Simonovic, B.E.

**AERODROM "NIKOLA TESLA"
A. D., BEOGRAD**

**Financial Statements
Year Ended December 31, 2012 and
Independent Auditors' Report**

AERODROM "NIKOLA TESLA" A.D., BEOGRAD

CONTENTS

	Page
Independent Auditors' Report	1
Financial Statements:	
Income Statement	2
Balance Sheet	3
Statement of Changes in Equity and Reserves	4
Cash Flow Statement	5
Notes to the Financial Statements	6 - 43

Translation of the auditors' report issued in the Serbian language

INDEPENDENT AUDITORS' REPORT

TO THE ASSEMBLY AND BOARD OF DIRECTORS OF AERODROM "NIKOLA TESLA" A.D., BEOGRAD

We have audited the accompanying financial statements (pages 2 to 43) of Aerodrom "Nikola Tesla" a.d., Beograd (Shareholding Company, Belgrade Nikola Tesla Airport, hereinafter the "Company"), which comprise the balance sheet as at December 31, 2012, and the related income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the accounting regulations of the Republic of Serbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and the Law on Accounting and Auditing of the Republic of Serbia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of Aerodrom „Nikola Tesla“ a.d., Beograd for the year ended December 31, 2012 have been prepared, in all material respects, in accordance with the accounting regulations of the Republic of Serbia.

Belgrade, April 15, 2013



A handwritten signature in black ink, appearing to read "Aleksandar Durđević".

Aleksandar Durđević
Certified Auditor

AERODROM "NIKOLA TESLA" A.D., BEOGRAD

INCOME STATEMENT
Year Ended December 31, 2012
(Thousands of RSD)

	<u>Note</u>	<u>2012</u>	<u>2011</u>
OPERATING INCOME			
Sales income	5	5,860,821	5,544,982
Other operating income	6	513,781	443,340
		<u>6,374,602</u>	<u>5,988,322</u>
OPERATING EXPENSES			
Cost of commercial goods sold		(333,270)	(529,293)
Cost of materials	7	(491,298)	(373,933)
Staff costs	8	(1,092,467)	(888,703)
Depreciation, amortization and provisions	9	(745,182)	(866,148)
Other operating expenses	10	(1,558,514)	(1,259,983)
		<u>(4,220,731)</u>	<u>(3,718,060)</u>
PROFIT FROM OPERATIONS			
		<u>2,153,871</u>	<u>2,270,262</u>
Finance income	11a	496,527	337,596
Finance expenses	11b	(302,063)	(256,853)
Other income	12	400,372	75,284
Other expenses	13	(1,819,543)	(759,040)
		<u>(1,224,707)</u>	<u>(603,013)</u>
PROFIT BEFORE TAXATION			
		<u>929,164</u>	<u>1,667,249</u>
INCOME TAXES			
	14		
- Current income tax expense		(56,116)	(89,846)
- Deferred tax (expense)/benefit		(145,391)	2,890
		<u>(201,507)</u>	<u>(86,956)</u>
NET PROFIT			
		<u>727,657</u>	<u>1,580,293</u>
Basic/diluted earnings per share (in RSD)	15	<u>21.22</u>	<u>46.09</u>

The accompanying notes on the following pages form an integral part of these financial statements.

These financial statements were approved by the Supervisory Board of Aerodrom "Nikola Tesla" a.d., Beograd, on February 25, 2013 and submitted to the Serbian Business Registers Agency on February 27, 2013.

Signed on behalf of Aerodrom "Nikola Tesla" a.d., Beograd by:

Velimir Radosavljević
 General Manager

Ljiljana Simonović
 Chief Financial Officer

Zorka Latinović
 Head of Accounting

AERODROM "NIKOLA TESLA" A.D., BEOGRAD

BALANCE SHEET
As of December 31, 2012
(Thousands of RSD)

	Note	December 31, 2012	December 31, 2011
ASSETS			
Non-current assets			
Intangible assets	16	7,723	6,234
Property, plant and equipment	16	20,999,379	20,434,932
Investment property	16	20,794	14,476
Equity investments	17	103	205
Other long-term financial investments	18	168,731	95,809
		<u>21,196,730</u>	<u>20,551,656</u>
Current assets			
Inventories and advances paid	19	160,014	156,623
Accounts receivable	20	1,446,716	1,611,954
Receivables for prepaid income taxes		26,244	43,248
Short-term financial investments	21	1,696,340	2,478,614
Cash and cash equivalents	22	214,383	73,304
Value added tax and prepayments	24	173,448	144,371
		<u>3,717,145</u>	<u>4,506,114</u>
Total assets		<u>24,913,875</u>	<u>25,059,770</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	25	20,573,610	20,573,610
Reserves		1,297,787	761,355
Unrealized losses on securities		(291)	(260)
Retained earnings		727,657	1,580,293
		<u>22,598,763</u>	<u>22,914,998</u>
Long-term provisions and liabilities			
Long-term provisions	26	211,708	167,874
Long-term borrowings	27	1,025,616	1,034,742
Other long-term liabilities	28	102,847	217,225
		<u>1,340,171</u>	<u>1,419,841</u>
Current liabilities			
Short-term financial liabilities	29	222,822	177,419
Accounts payable	30	247,245	194,478
Other current liabilities	31	3,217	1,101
Value added tax, other taxes and duties payable and accruals	32	62,228	57,895
		<u>535,512</u>	<u>430,893</u>
Deferred tax liabilities		439,429	294,038
Total equity and liabilities		<u>24,913,875</u>	<u>25,059,770</u>
Off-balance sheet items	33	484,704	363,186

The accompanying notes on the following pages form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
Year Ended December 31, 2012
(Thousands of RSD)

	Shares Capital	Reserves	Unrealized Losses on Securities	Retained Earnings	Total
Balance, January 1, 2011	-	-	-	1,937,323	22,510,860
Change of the legal status	20,573,610	-	(73)	-	-
Unrealized losses on securities	-	-	(187)	-	(187)
Profit distribution:	-	-	-	-	-
- to the founder	-	-	-	(1,118,661)	(1,118,661)
- to the employees	-	-	-	(57,307)	(57,307)
- transfer to reserves	-	761,355	-	(761,355)	-
Net profit for the year	-	-	-	1,580,293	1,580,293
Balance, December 31, 2011	20,573,610	761,355	(260)	1,580,293	22,914,956
Balance, January 1, 2012	20,573,610	761,355	(260)	1,580,293	22,914,956
Unrealized losses on securities	-	-	(31)	-	(31)
Profit distribution:	-	-	-	-	-
- to the founder	-	-	-	(967,533)	(967,533)
- to the employees	-	-	-	(56,328)	(56,328)
- transfer to reserves	-	536,432	-	(536,432)	-
Net profit for the year	-	-	-	727,657	727,657
Balance, December 31, 2012	20,573,610	1,297,787	(291)	727,657	22,598,763

The accompanying notes on the following pages form an integral part of these financial statements.

CASH FLOW STATEMENT
Year Ended December 31, 2012
(Thousands of RSD)

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	5,171,538	5,131,510
Interest receipts from operations	3,429	3,344
Other receipts from operations	596,275	582,447
Cash paid to suppliers	(2,662,306)	(2,397,443)
Cash paid to, and on behalf of employees	(1,095,511)	(892,967)
Interest paid	(68,473)	(73,142)
Income taxes paid	(39,111)	(187,348)
Other public duties paid	(279,634)	(346,482)
<i>Net cash generated by operating activities</i>	<u>1,626,207</u>	<u>1,839,919</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of intangible assets, property, plant and equipment and biological assets	5,868	4,136
Other financial investments (net inflows)	1,008,008	-
Interest received from investing activities	128,940	141,164
Purchase of plants and equipment	(1,427,784)	(531,969)
Other financial investments (net outflows)	-	(282,768)
<i>Net cash used in investing activities</i>	<u>(284,968)</u>	<u>(669,437)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term and short-term borrowings and other liabilities (net outflows)	(103,420)	(91,897)
Finance lease	(87,249)	(88,237)
Dividends paid and share in profit	(1,044,554)	(1,175,275)
<i>Net cash used in financing activities</i>	<u>(1,235,223)</u>	<u>(1,355,409)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	106,016	(184,927)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>73,304</u>	<u>259,208</u>
Foreign exchange gains/(losses), net	35,063	(975)
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>214,383</u>	<u>73,304</u>

The accompanying notes on the following pages form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

1. FOUNDATION AND ACTIVITY

Business entity Aerodrom "Nikola Tesla", Beograd (Belgrade Nikola Tesla Airport, hereinafter the "Company") was established in 1992 as a company providing airport services pursuant to a special Law and was fully owned by the Republic of Serbia.

During 2006, pursuant to the Decision of the Government of the Republic of Serbia, the Public Company Aerodrom "Beograd" (Belgrade Airport) was renamed into a Public Company Belgrade Nikola Tesla Airport.

The Company's was registered to perform the following business activities: providing conditions for landing, take-off and taxing of aircraft; ground handling of aircrafts, passengers, cargo at the airport apron; enabling jet fuel supply; catering services and luggage handling in the terminal building; passenger and crew transport; cargo storage and handling; joint use of equipment and fixtures; forwarding and transport; airport cleaning, sanitation and waste removal services; airport security services; special requests and other related services.

Based on the Decision on determining dates for status changes in the Public Company Belgrade Nikola Tesla Airport as of August 5, 2005, four independent companies spun off as follows: Aerodrom catering d.o.o., Beograd, Aerodrom parking d.o.o., Beograd, Aerodrom poljoprivredna operativa d.o.o., Beograd and Aerodrom čistoća terminali d.o.o., Beograd. The status change was executed as of July 1, 2005. Fixed assets were transferred to the spun-offs and the ownership was transferred to the Republic of Serbia.

As of June 17, 2010, the Government of the Republic of Serbia enacted Decision number 023-4432/2010 on the change of legal form of the Public Company Belgrade Nikola Tesla Airport into a closed shareholding company. The aforementioned change was registered with the Serbian Business Registers Agency as of June 22, 2010, Decision number BD 68460/2010. A number of 34,289,350 shares were registered with the Central Securities Depository and Clearing House at July 7, 2010 as the Republic of Serbia ownership.

Following the legal form change, the Company continued its business activities under the business name Shareholding Company Belgrade Nikola Tesla Airport (Akcionarsko društvo Aerodrom "Nikola Tesla", Beograd).

As of December 9, 2010, the Government of the Republic of Serbia enacted Decision number 023-9103/2010-1 whereby citizens of the Republic of Serbia and the Company's former and present employees were granted vested rights to 16.85% of the ownership interest in the Company. This change of legal form into an open shareholding company was registered with the Serbian Business Registers Agency under Decision numbered BG 7651/2011 dated January 24, 2011.

Pursuant to the Decision on Admission of Shares to Listing A – Prime Market 04/4 numbered 478/11 as of January 28, 2011, the Company's shares were admitted into Listing A – Prime Market of the Belgrade Stock Exchange. A total of 34,289,350 shares are registered with the Central Securities Depository and Clearing House. Trading in the Company's shares commenced at the Belgrade Stock Exchange as of February 7, 2011.

The Company's Tax Identification Number (TIN) is 100000539.

The Company's registration number is 07036540.

The Company is headquartered in Belgrade, 11180, Surčin 59, Serbia.

As of December 31, 2012, the Company had 464 employees (December 31, 2011: 435 employees).

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

*All amounts are expressed in thousands of RSD, unless otherwise stated.***2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING METHOD****2.1. Basis of Preparation and Presentation of Financial Statements**

Pursuant to the Law on Accounting and Auditing (Official Gazette of the Republic of Serbia no. 46 of June 2, 2006 and no. 111 as of December 29, 2009), legal entities and entrepreneurs incorporated in Serbia are required to maintain their books of account, to recognize and value assets and liabilities, income and expenses, and to present, submit and disclose financial statements in conformity with the prevailing legislation and professional rules which include: the Framework for the Preparation and Presentation of Financial Statements (the "Framework"), International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), as well as the related interpretations representing an integral part of these standards which were in effect as at December 31, 2002.

The amendments to IAS, as well as the newly-issued IFRS and the related interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"), in the period between December 31, 2002 and January 1, 2009, were officially adopted pursuant to a Decision enacted by the Ministry of Finance of the Republic of Serbia ("Ministry") and published in the Official Gazette of the Republic of Serbia number 77 of October 25, 2010.

However, until the preparation date of the accompanying financial statements, not all amendments to IAS/IFRS and IFRIC in effect for annual periods beginning on or after January 1, 2009 had been translated. In addition, the accompanying financial statements are presented in the format prescribed under the "Guidelines on the Prescribed Form and Content of the Financial Statements of Enterprises, Cooperatives and Entrepreneurial Ventures" (Official Gazette of the Republic of Serbia, no. 114/2006 3/2011). Such statements represent the complete set of financial statements as defined under the law, which differ from those defined under the provisions of IAS 1, "Presentation of Financial Statements," and differ in some respects, from the presentation of certain amounts as required under the aforementioned standard. Standards and interpretations in issue, but not yet officially translated and adopted and standards and interpretations in issue but not yet in effect are disclosed in Notes 2.2 and 2.3.

In addition, the accompanying financial statements depart from IAS and IFRS in the following respects:

- Departures from IAS 1 "Presentation of Financial Statements" and IAS 16 "Property, Plant and Equipment" in the treatment and recording of the effects of capital valuation mostly associated with the appraisal of property, plant and equipment and investment property. Namely, pursuant to Article 27 of the particular Articles of the Law on Supplements and Amendments of the Law Regulating the Right to Free-of-Charge Shares and Cash Compensation Exercised by Citizens in the Privatization Procedure (RS Official Gazette no. 30/2010), the Company's founder was obligated to make sure that the Company undergo a change of the legal form and state its core capital in shares of certain par value based on the restated carrying value of capital until June 30, 2010. In accordance therewith and following the capital valuation, the effects of valuation of assets and liabilities were credited to revaluation reserves. Pursuant to the procedure explained in Note 5 and based on the May 31, 2010 Decision of the Company's Management Board number 04-100/1 on capital increase, and the Decision adopted by the Government of the Republic of Serbia number 023-4175/2010 as of June 4, 2010 on issuing a consent on the aforementioned Decision on the increase of core capital from own assets by transforming reserves and retained earnings into core capital of the Public Company Belgrade Nikola Tesla Airport, in its business books the Company recorded the increase in state-owned capital as of January 1, 2010 through the opening balance adjustment by reducing other capital, reserves, revaluation reserves and retained earnings. The aforementioned accounting treatment departs from the requirements of IAS 16 "Property, Plant and Equipment" setting forth the following requirements: 1) revaluation results are reflected directly on equity, within the line item of revaluation reserves i.e. they are recognized as income in the profit and loss account to the extent a revaluation decrease of the same asset previously recognized in profit or loss is reversed; and in the part which sets forth that 2) the revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognized. The abovementioned recognition of valuation effects in the accompanying financial statements made in accordance with the aforementioned acts is not in compliance with IAS 1 "Presentation of Financial Statements" and IAS 16 "Property, Plant and Equipment."

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

*All amounts are expressed in thousands of RSD, unless otherwise stated.***2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)****2.1. Basis of Preparation and Presentation of Financial Statements (Continued)**

- Departures from IAS 12 "Income Taxes" – SIC – 21 "Income Taxes – Recovery of Revalued Non-Depreciable Assets" based on which deferred tax liabilities or assets are recognized as arising from non-depreciable assets according to IAS 16 "Property, Plant and Equipment" and measured based on tax ramification that would arise from the recovery of the carrying value of the asset through its sale, regardless of the basis of measuring the asset's carrying value. In the absence of a clear interpretation of regulations with respect to the cost of land, and determining the rights of handling and ownership over the Company's land, due to the particularity of the Company's activity and regulations governing the business operation of the Republic of Serbia airports, as well as special provisions of particular Articles of the Law on Supplements and Amendments of the Law Regulating the Right to Free-of-Charge Shares and Cash Compensation Exercised by Citizens in the Privatization Procedure (RS Official Gazette no. 30/2010), it is believed that the aforementioned SIC – 21 "Income Taxes – Recovery of Revalued Non-Depreciable Assets" cannot be applied in the given circumstances. Deferred tax liabilities based on land revaluation would have totaled RSD 735,072 thousand had the requirements of SIC – 21 "Income Taxes – Recovery of Revalued Non-Depreciable Assets" been applied.
- The accounting regulations of the Republic of Serbia depart from IAS and IFRS in the provisions of IAS 19, "Employee Benefits" given that, pursuant to the relevant Ministry interpretation, the employee share in profit distribution is recorded as decrease in retained earnings rather than charged to the net profit.

In accordance with the aforescribed, and given the potentially material effects which the departures of accounting regulations of the Republic of Serbia from IAS and IFRS may have on the fairness presentations made in the financial statements, the accompanying financial statements cannot be treated as a set of financial statements prepared in accordance with IAS and IFRS.

The financial statements were prepared at historical cost principle, unless otherwise stipulated in the accounting policies presented hereunder. In the preparation of the accompanying financial statements, the Company adhered to the accounting policies described in Note 3.

The Company's financial statements are stated in thousands of dinars (RSD). The dinar is the official reporting currency in the Republic of Serbia.

2.2. Standards and Interpretations in Issue but not yet Translated and Adopted

As of the financial statements issuance date, the following standards, amendments were issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee but were not officially adopted and translated in the Republic of Serbia:

- Amendments to IFRS 7 "Financial Instruments: Disclosures" – Amendments improving fair value and liquidity risk disclosures (revised in March 2009, effective for annual periods beginning on or after January 1, 2009);
- Amendments to IFRS 1 "First-Time Adoption of IFRS" – Additional Exemptions for First-Time Adopters. The amendments relate to assets in oil and gas industry and determining whether an arrangement contains a lease (revised in July 2009, effective for annual periods beginning on or after January 1, 2010);
- Amendments to various standards and interpretations resulting from the Annual Quality Improvement Project of IFRS published on April 18, 2009 (IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16) primarily with a view to removing inconsistencies and clarifying wording. (amendments are to be applied for annual periods beginning on or after 1 January 2010, while the amendment to IFRIC is to become effective as of July 1, 2009);
- Amendments to IAS 38 "Intangible Assets" (revised in July 2009, effective for annual periods beginning on or after July 1, 2009);

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

*All amounts are expressed in thousands of RSD, unless otherwise stated.***2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)****2.2. Standards and Interpretations in Issue but not yet Translated and Adopted (Continued)**

- Amendments to IFRS 2 "Share-Based Payment": Amendments resulting from the Annual Quality Improvement Project of IFRS (revised in April 2009, effective for annual periods beginning on or after July 1, 2009) and amendments relating to group cash-settled share-based payment transactions (revised in June 2009, effective for annual periods beginning on or after January 1, 2010);
- Amendments IFRIC 9 "Reassessment of Embedded Derivatives" effective for annual periods beginning on or after July 1, 2009 and IAS 39 "Financial Instruments: Recognition and Measurement" – Embedded Derivatives (effective for annual periods beginning on or after June 30, 2009);
- IFRIC 18 "Transfers of Assets from Customers" (effective for annual periods beginning on or after July 1, 2009);
- "Conceptual Framework for Financial Reporting 2010" being an amendments to "Framework for the Preparation and Presentation of Financial Statements" (effective for transfer of assets from customers received on or after September 2010);
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (effective for annual periods beginning on or after July 1, 2010);
- Amendments to IAS 24 "Related Party Disclosures" – Simplifying the disclosure requirements for government-related entities and clarifying the definition of a related party (effective for annual periods beginning on or after January 1, 2011);
- Amendments to IAS 32 "Financial Instruments: Presentation" – Accounting for Rights Issues (effective for annual periods beginning on or after February 1, 2010);
- Amendments to various standards and interpretations "Improvements to IFRSs" resulting from the Annual quality improvement project of IFRS published on May 5, 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with a view to removing inconsistencies and clarifying wording. (most amendments are to be applied for annual periods beginning on or after January 1, 2011);
- Amendments to IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction" – Prepayments of a Minimum Funding Requirement (effective for annual periods beginning on or after January 1, 2011);
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after July 1, 2010).
- Amendments to IFRS 1 "First-Time Adoption of IFRS" – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after July 1, 2011);
- Amendments to IFRS 7 "Financial Instruments: Disclosures" – Transfers of Financial Assets (effective for annual periods beginning on or after January 1, 2011);
- Amendments to IAS 12 "Income Taxes" – Deferred Tax: Recovery of Underlying Assets (effective for annual periods beginning on or after January 1, 2012).

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

*All amounts are expressed in thousands of RSD, unless otherwise stated.***2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)****2.3. Standards and Interpretations in issue not yet in Effect**

At the date of issuance of these financial statements the following standards, revisions and interpretations were in issue but not yet effective:

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after January 1, 2015);
- Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" – Mandatory Effective Date and Transition Disclosures (effective for annual periods beginning on or after January 1, 2015);
- IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after January 1, 2013);
- IFRS 11 "Joint Arrangements" (effective for annual periods beginning on or after January 1, 2013);
- IFRS 12 "Disclosures of Involvement with Other Entities" (effective for annual periods beginning on or after January 1, 2013);
- Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosures of Involvement with Other Entities: Transition Guidance" (effective for annual periods beginning on or after January 1, 2013);
- IAS 27 (revised in 2011) "Separate Financial Statements" (effective for annual periods beginning on or after January 1, 2013);
- IAS 28 (revised in 2011) "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after January 1, 2013);
- IFRS 13 "Fair Value Measurement" (effective for annual periods beginning on or after January 1, 2013);
- Amendments to IAS 19 "Employee Benefits" – Improvements to the Accounting for Post-Employment Benefits (effective for annual periods beginning on or after January 1, 2013);
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" – Government Loans with a Below-Market Rate of Interest (effective for annual periods beginning on or after January 1, 2013);
- Amendments to IFRS 7 "Financial Instruments: Disclosures" – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after January 1, 2013);
- Amendments to IAS 1 "Presentation of Financial Statements" – Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after July 1, 2012);
- Amendments to IAS 32 "Financial Instruments: Presentation" – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after January 1, 2014);
- Annual improvements 2009-2011 cycle issued in May 2012 (effective for annual periods beginning on or after January 1, 2013);
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after January 1, 2013);
- Amendments to IFRS 10, IFRS 12 and IAS 27 - Exemption from Consolidation of Subsidiaries under IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after January 1, 2014).

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Income and Expense Recognition

Income is measured at the fair value of the consideration received or receivable for the sale of goods and services rendered in the regular course of business, net of discounts, recoveries and sales taxes.

Income from the sale of goods is recognized when the risk and rewards associated with the rights of ownership are transferred to the customer.

At the moment in which income is recognized, the related expenditure is also recognized (as per the "matching principle").

Interest income and interest expenses are credited or charged to the income statement in the accounting period to which they relate.

3.2. Maintenance and Repairs

Current maintenance and repairs of fixed assets are charged to the income statement of the respective accounting period.

3.3. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale.

Investment income realized from the temporary placement of funds borrowed is netted against borrowing costs intended to finance qualifying assets.

All other borrowing costs are recognized on the profit and loss account in the period to which these relate.

3.4. Foreign Exchange Translation

Transactions denominated in foreign currencies are translated into dinars at the official exchange rates in effect at the date of each transaction.

Assets and liabilities denominated in foreign currencies are translated into dinars by applying the official exchange rates prevailing at the balance sheet date.

Foreign exchange positive or negative effects arising upon the translation of transactions, and assets and liabilities in foreign currencies are credited or charged to the income statement as foreign exchange gains or losses.

3.5. Employee Benefits

Taxes and Contributions Made to the Employee Social Security and Insurance Funds

In accordance with regulatory requirements in the Republic of Serbia, the Company is obligated to pay contributions to tax authorities and to various state social security funds that guarantee social security insurance benefits to employees. These obligations involve the payment of taxes and contributions on behalf of the employee, by the employer, in the amounts computed by applying the specific, legally prescribed rates. The Company is also legally obligated to withhold contributions from gross salaries to employees, and on behalf of its employees, to transfer the withheld portions directly to the applicable government funds. These taxes and contributions payable on behalf of the employee and employer are charged to expenses in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

*All amounts are expressed in thousands of RSD, unless otherwise stated.***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.5. Employee Benefits (Continued)*****Obligations for Retirement Benefits and Jubilee Awards***

Pursuant to the Rules of Procedure effective until the Collective Bargaining Agreement was signed (March 26, 2012), the Company is obligated to pay retirement benefits to its employees in the amount of four average monthly salaries paid in the Company in the month preceding the payment of retirement benefit while jubilee awards are paid commensurately with the duration of employment with the employer as follows:

	Number of average salaries paid by the Employer 2012	Number of average salaries paid in the Republic of Serbia 2011
10 years of service	1	1
20 years of service	2	2
30 years of service	3	3
35 years of service (*)	4	4

**In 2012, a change was performed in the entitlement to jubilee award payment. As from 2012, both women and men with full 35 years of service are entitled to jubilee award payment, whereas in the previous period, men with full 40 years and women with full 35 years of service with the Company had the right to jubilee awards.*

Costs of retirement benefits and jubilee awards are determined by applying the actuarial projected unit credit method. Actuarial gains and losses are recognized within income or expenses within the income statement of the period when realized/incurred. The assumption used in actuarial calculation of the employee benefits were as follows:

	2012	2011
Discount rate	6%	10%
Projected salary growth rate	1%	5%

3.6. Taxes and Contributions**Current Income Taxes**

Current income tax is payable at the legally prescribed rate of 10% on the tax base determined within the tax balance and reported in the annual corporate income tax return. The taxable base stated in the income tax return includes the profit before taxation shown in the statutory statement of income, as adjusted for differences that are specifically defined under statutory tax rules of the Republic of Serbia, less any prescribed tax credits. The income tax rate of 15% is to be applied after January 1, 2013.

The tax regulations of the Republic of Serbia do not envisage that any tax losses of the current period be used to recover taxes paid within a specific carryback period. However, tax losses stated in the tax balances until 2010 may be used to reduce or eliminate taxes to be paid in future periods for duration of ten years from the entitlement origination, whereas tax losses stated in the tax balance for 2011 and subsequent periods may be used to reduce or eliminate taxes to be paid in future periods for duration of no longer than five years. Tax losses incurred before January 1, 2010 are available for carryforward for duration of no longer than ten ensuing years.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

*All amounts are expressed in thousands of RSD, unless otherwise stated.***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.6. Taxes and Contributions (Continued)****Deferred Income Taxes**

Deferred income taxes are provided using the balance sheet liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. The currently enacted tax rates or the substantively enacted rates at the balance sheet date are used to determine the deferred income tax amount. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and tax credits and losses available for carryforward, to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and the tax loss/credits of the carryforwards can be utilized. As at December 31, 2012, deferred tax assets and liabilities were provided at the rate of 15% (December 31, 2011: 10%).

Deferred income taxes are either charged or credited to the income statement, except in so far as they relate to items that are directly credited or charged to capital, and in that instance, the deferred taxes are also recognized under equity.

Indirect Taxes and Contributions

Indirect taxes and contributions include property taxes, payroll taxes and contributions charged to the employer, as well as other taxes and contributions paid pursuant to republic and municipal regulations. These taxes and contributions are presented within other operating expenses.

3.7. Property and Equipment

Items of property and equipment that qualify for recognition are carried at cost. Cost comprises purchase price, after deducting trade discounts and rebates and increased by any costs directly attributable to bringing the asset to the location and condition for its intended use. Self-constructed assets are carried at cost unless their cost exceeds the market value of such assets. After recognition as an asset, an item of property and equipment is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The appraisal of the Company's property and equipment was performed at January 1, 2010 by an independent certified appraiser.

If an asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to equity under the heading of revaluation surplus. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized in profit or loss. However, the decrease shall be debited directly to equity under the heading of revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

3.8. Investment Property

Investment property is property held by the Company to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. An investment property is measured initially at its cost. After recognition as an investment property is carried at its fair value.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

*All amounts are expressed in thousands of RSD, unless otherwise stated.***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.9. Depreciation and Amortization**

Depreciation of property and equipment and amortization of intangible assets are charged individually for each asset to the asset's appraised value at the beginning of year or to cost of assets placed in use during the year by applying the straight-line method. Depreciation and amortization rates have been determined so that the cost or appraised value of property and equipment is written down in equal annual amounts over the estimated useful life of an asset. Depreciation and amortization rates applied were as follows:

	%
Buildings	
Energy and water supply facilities	1.5 - 10
Roads, airports and parking lot	2 - 12.5
Equipment	
New specialized equipment	6.67 - 33.33
Road transport equipment	6.67 - 50
Telecommunication and TV equipment	9.09 - 50
Air transport equipment	6.67
Measuring and control devices and specialized devices	6.67
Laboratory equipment, teaching aids and medical devices	14.28
Electronic, computer machines and computers	11
Furniture and general purpose devices	10
Agricultural equipment	2.5
Road transport equipment obtained under finance lease arrangement	7.69 - 25

3.10. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the Company. All other leases are classified as operating leases.

The Company as a Lessor

Lease income from operating leases (rentals) is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred by lessors in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income.

The Company as a Lessee

Assets held under finance leases are initially recognized as the assets of the Company at the present value of the minimum lease payments, which is determined at the inception of the particular lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease liability.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs (Note 3.3).

Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

*All amounts are expressed in thousands of RSD, unless otherwise stated.***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.11. Impairment of Tangible Assets**

At each balance sheet date, the Company's management reviews the carrying amounts of its fixed and intangible assets in order to determine the indications of impairment. If there is any indication that such assets have been impaired, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is impossible to determine the recoverable value of an individual asset, the Company assesses the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is based on the higher of net selling price and value in use. The estimate of the value in use comprises the assessment of future cash inflows and outflows discounted to their present value by applying the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the estimated recoverable amount of assets (or cash generating unit) is below their carrying value, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense of the current period under operating expenses.

As of December 31, 2012, based on the assessment made by the Company's management, there were no indications that intangible assets, property and equipment have been impaired.

3.12. Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories of materials and spare parts is assigned by applying the weighted-average method. The cost comprises invoiced value, cost of transport and other related costs.

Inventories of goods are recorded at their selling prices. At the end of the accounting period, their value is adjusted to cost by an apportionment of the related selling margin, calculated on an average basis, between the cost of goods sold and the inventories held at the year-end.

Provisions charged to "other expenses" are made where appropriate in order to reduce the value of inventories to management's best estimate of net realizable value (including slow-moving, excessive and obsolete inventories). Inventories found to be damaged or of a substandard quality are written off.

3.13. Financial Instruments

Financial assets and financial liabilities are recognized in the Company's balance sheet on the date upon which the Company becomes counterparty to the contractual provisions of a specific financial instrument.

Financial assets cease to be recognized when the Company loses control of the contractual rights governing such instruments; which occurs when the rights of use of such instruments have been realized, expired, abandoned, and/or ceded. Financial liabilities cease to be recognized when the Company fulfills the obligations, or when the contractual repayment obligation has either been cancelled or has expired.

Long-Term Financial Investments

Long-term financial investments include long-term deposits, equity investments and long-term housing loans extended to employees. Long-term housing loans are stated at fair value discounted by applying the market interest rate.

The Company has equity investments in banks undergoing liquidation and, pursuant to the applicable accounting standards, these were fully provided for.

NOTES TO THE FINANCIAL STATEMENTS**December 31, 2012***All amounts are expressed in thousands of RSD, unless otherwise stated.***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.13. Financial Instruments (Continued)***Accounts Receivable, Short-Term Financial Investments and Other Current Receivables*

Accounts receivable, short-term financial investments and other current receivables are stated at nominal value net of allowance for impairment calculated based on the management's assessment of their collectability.

Cash and Cash Equivalents

For the purposes of the cash flow statement, cash includes cash on hand and balances on current dinar and foreign currency accounts held with commercial banks and short-term deposits with up to three-month maturities.

Financial Liabilities*Classification as Debt or Equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

Other Financial Liabilities

Other financial liabilities (including borrowings and accounts payable) are initially recognized at fair value net of transaction costs. Loans and other financial liabilities are subsequently measured at amortized cost using the contractually agreed interest rate which approximates the effective interest rate.

Derecognition of Financial Liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

4. SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES

The presentation of the financial statements requires the Company's management to make best estimates and reasonable assumptions that influence the assets and liabilities amounts, as well as the disclosure of contingent liabilities and receivables as of the date of preparation of the financial statements, and the income and expenses arising during the accounting period. These estimations and assumptions are based on information available to us, as of the date of preparation of the financial statements. Actual results may vary from these estimates.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.1. Depreciation and Amortization Charge and Rates Applied

The estimate of a useful life of property, equipment and intangible assets is based on historical experience with similar assets, as well as the anticipated technical advancement and changes in economic and industrial factors. The adequacy of the estimate of the remaining useful life of property and equipment is analyzed once a year based on the current expectations.

In addition, due to the significance of non-current assets in the Company's total assets, any change in the aforementioned assumptions may lead to material effects on the Company's financial position, as well as financial result. For instance, should the Company reduce the average useful life by 10%, additional depreciation and amortization charge would increase by approximately RSD 74,271 thousand for the year ended December 31, 2012 (December 31, 2011: RSD 63,438 thousand).

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES (Continued)

4.2. Provisions for Litigations

Generally, provisions are highly judgmental. The Company estimates the likelihood of unfavorable events happening as a result of past events and assesses the amount necessary to settle such liability. Although the Company acts prudently in making such estimates, given the great extent of uncertainty, in certain cases actual results may depart from them.

4.3. Allowance for Impairment of Receivables

We calculated the allowance for impairment of doubtful receivables over 60 days past due based on the estimated losses arising from customer's default. Our assessment is based on the aging analysis of accounts receivable, historical write-offs, customer creditworthiness and changes in the terms of sale, identified upon determining the adequacy of allowance for impairment of doubtful receivables. This includes the assumptions on the future customer behavior and the resultant future collections. The management assesses that additional allowance for impairment of receivables is not necessary.

4.4. Fair Value

The fair value of financial instruments for which an active market does not exist is determined by applying adequate valuation methods. The Company applies its professional judgment in the selection of adequate methods and assumptions.

It is a policy of the Company to disclose the fair value information of those components of assets and liabilities for which published or quoted market prices are readily available, and of those for which the fair value may be materially different than their recorded amounts. In the Republic of Serbia, sufficient market experience, stability and liquidity do not exist for the purchase and sale of receivables and other financial assets or liabilities, for which published market prices are presently not readily available. As a result of this, fair value cannot readily or reliably be determined in the absence of an active market. The Company's management assesses its overall risk exposure, and in instances in which it estimates that the value of assets stated in its books may not have been realized, it recognizes a provision. In the opinion of management, the reported carrying amounts are the most valid and useful reporting values under the present market conditions.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

6. SALES

	Year Ended December 31,	
	2012	2011
Sales in domestic market		
<i>Goods:</i>		
- retail	2,582	2,316
<i>Services:</i>		
- airport fees for ground handling of aircraft	237,636	231,648
- ground services	1,062,227	923,291
- ground handling of aircraft in domestic traffic	190,125	174,632
- safety fee	247,239	200,368
- boarding passengers (air bridge)	12,109	25,036
- Cute system	38,325	29,277
- use of airport infrastructure	135,732	129,328
- cargo warehouse management, storage and handling of goods	104,533	139,031
- parking service	27,343	27,458
- rent of advertising space	57,160	63,052
- aircraft defrosting services	23,309	-
- other services	132,963	113,852
	<u>2,269,701</u>	<u>2,066,973</u>
	<u>2,272,283</u>	<u>2,059,289</u>
Sales in foreign markets		
<i>Goods – jet fuel</i>	357,482	559,978
<i>Products and services:</i>		
- ground services	1,254,310	1,093,440
- airport fees for ground handling of aircraft	974,948	952,232
- boarding passengers (air bridge)	90,696	87,808
- Cute system	70,711	54,513
- airport parking fee	18,483	18,371
- special travelling services	30,736	25,156
- safety fee	277,967	237,198
- use of airport infrastructure	327,609	320,454
- lost and found services	19,188	16,251
- aircraft defrosting services	58,994	46,118
- cargo warehouse management, storage and handling of goods	25,714	18,776
- consulting services	44,686	35,666
- other services	37,014	19,732
	<u>3,231,056</u>	<u>2,925,715</u>
	<u>3,588,538</u>	<u>3,485,693</u>
	<u>5,860,821</u>	<u>5,544,982</u>

Other income from the sales in domestic market for the year 2012 was stated in the amount of RSD 132,963 thousand and mostly relates to the income from joint costs invoiced to lessees in the amount of RSD 63,837 thousand (2011: RSD 52,565 thousand) as well as income from workorder requests of RSD 26,982 thousand (2011: RSD 20,069 thousand).

For management purposes, the Company performs its entire business activity from the same geographical region, i.e. from the Company's place of domicile. Accordingly, the Company does not disclose assets, liabilities and income and expense measurement per geographical area.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

5. SALES (Continued)

The following table presents the Company's total income per geographical area, i.e. state wherefrom foreign airline companies the Company operates with come from.

Sales of services as per geographical areas

	Year Ended December 31,	
	2012	2011
Serbia	1,927,786	1,790,492
Germany	681,217	690,984
Montenegro	632,167	483,853
Austria (*)	424,866	321,516
Switzerland	311,735	278,028
Russia	161,627	147,574
Turkey	256,350	181,394
France	144,464	129,158
Italy	161,625	131,990
Czech Republic	8,795	100,151
Hungary	378,035	322,378
Spain	1,704	54,606
Tunisia	41,101	29,698
Ukraine	-	21,733
Greece	21,542	486
Norway	94,525	67,756
Denmark	636	24,871
Iran	-	254,138
Dubai	114,328	-
Other	498,518	514,176
	<u>5,860,821</u>	<u>5,544,982</u>

*In 2010 a foreign customer – Austrian Airlines registered a branch office of Austrian Airlines as a Republic of Serbia resident and as from 2010 this customer is accounted for within domestic accounts receivable.

6. OTHER OPERATING INCOME

	Year Ended December 31,	
	2012	2011
Lease revenues:		
- from domestic entities	504,844	434,371
- from foreign entities	8,617	8,969
Other income	320	-
	<u>513,781</u>	<u>443,340</u>

7. COST OF MATERIALS

	Year Ended December 31,	
	2012	2011
Materials	178,876	99,651
Other materials	75,884	64,898
Fuel	88,894	66,319
Fuel oil	36,817	31,173
Electricity	112,828	111,892
	<u>491,298</u>	<u>373,933</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

8. STAFF COSTS

	Year Ended December 31,	
	2012	2011
Gross salaries:		
- employees	600,228	486,107
- management	32,312	28,208
Payroll taxes and contributions paid by employer	112,954	91,811
Service contracts and author fees	1,283	1,612
Gross wages and benefits of temporary employees	272,838	232,234
Remunerations to the Board of Directors	12,447	11,231
Employee transport to work	41,352	25,209
Business travel expenses	9,032	6,164
Retirement benefits and jubilee awards	4,164	2,018
Other staff costs	5,857	4,109
	<u>1,092,467</u>	<u>888,703</u>

9. DEPRECIATION, AMORTIZATION AND PROVISIONS

	Year Ended December 31,	
	2012	2011
Depreciation and amortization	670,773	634,384
Provisions for benefits and other payables to employees	38,409	16,434
Provisions for litigations	36,000	15,330
	<u>745,182</u>	<u>666,148</u>

10. OTHER OPERATING EXPENSES

	Year Ended December 31,	
	2012	2011
Transportation services	368,925	373,777
Maintenance	185,408	111,785
Rentals	11,261	4,572
Marketing and advertising	29,102	24,918
Market research	4,857	-
Membership fees	4,227	3,649
Physical and technical security	378,752	271,011
Other production services	73,630	60,652
JAT occupational medical services	14,942	14,742
Employee professional training	8,774	6,539
Cleaning and maintenance	124,424	97,365
Data processing services	120,255	74,178
Services of the newly formed spin off Aerodrom poljoprivredna operativa d.o.o., Beograd	14,678	22,567
IT support	4,716	1,074
Other non-production services	75,848	65,496
Bank charges	5,619	6,899
Insurance premiums	26,575	20,921
Entertainment	11,096	6,640
Land taxes	36,139	36,139
Property taxes	22,916	23,585
Other indirect taxes and contributions	16,798	14,254
Other operating expenses	19,572	19,221
	<u>1,558,514</u>	<u>1,259,983</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

10. OTHER OPERATING EXPENSES (Continued)

Physical and technical security service costs stated as totaling RSD 378,752 thousand in 2012, cleaning and maintenance costs of RSD 124,424 thousand and data processing costs of RSD 120,266 thousand entirely relate to the services rendered by O.Z.B. Komerc d.o.o., Beograd. In 2012, the total of 513 staff members of O.Z.B. Komerc d.o.o., Beograd were engaged on the aforesaid works (2011: 371 staff members).

11. FINANCE INCOME AND EXPENSES

a) Finance income

	Year Ended December 31,	
	2012	2011
Interest income	126,098	145,135
Foreign exchange gains	370,397	188,094
Contractually agreed hedge against risk – currency clause positive effects	32	4,367
	<u>496,527</u>	<u>337,596</u>

b) Finance expenses

	Year Ended December 31,	
	2012	2011
Interest paid	72,050	77,452
Foreign exchange losses	209,277	179,374
Contractually agreed hedge against risk – currency clause negative effects	20,736	27
	<u>302,063</u>	<u>256,853</u>

12. OTHER INCOME

	Year Ended December 31,	
	2012	2011
Revaluation of long-term housing loans	9,482	28,339
Collected receivables previously written off	191,976	11,146
Reversal of long-term provisions	24,570	-
Income from reconciling the value of receivables and short-term financial investments	2,264	2,329
Insurance claims settled	1,154	25,874
Reconciliation of the value of housing loans (Note 18)	97,693	-
Reversal of allowance for impairment of housing loans based on introduction of currency clause (Note 18)	53,887	-
Other income	19,346	7,596
	<u>400,372</u>	<u>75,284</u>

Income from reconciliation of housing loans approved to employees in 2012 amounted to RSD 97,993 thousand and refers to reducing the long-term loans to fair value for the financial year 2012 by applying the discount rate of 10.2 % (Note 18).

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

13. OTHER EXPENSES

	Year Ended December 31,	
	2012	2011
Losses on disposal and sale of property and equipment	161	19,639
Write-off of receivables	114	138
Allowance for impairment of receivables (Note 23)	1,715,732	680,662
Reversal of receivables based on housing loans due to introduction of currency (Note 18)	70,202	-
Impairment of inventories of material and goods	-	27
Charities, humanitarian aid	18,443	18,434
Impairment of long-term investments (Note 18)	211	24,261
Litigations expenses	-	2,402
Other expenses	14,680	13,477
	<u>1,819,543</u>	<u>759,040</u>

In 2012, following the assessment of recoverability of receivables, the Company's management adopted a decision to provide for the accounts receivable totaling RSD 1,715,732 thousand (2011: RSD 680,662 thousand), where the largest portion of the allowance amount of RSD 1,646,542 thousand relates to the customer JAT Airways a.d., Beograd.

14. INCOME TAXES

a) Components of income taxes

	Year Ended December 31,	
	2012	2011
Current tax expense	56,116	89,846
Deferred tax expense/(benefit)	145,391	(2,890)
	<u>201,507</u>	<u>86,956</u>

b) Numerical reconciliation between the tax expense and the product of accounting results multiplied by the applicable tax rate

	Year Ended December 31,	
	2012	2011
Profit before taxation	<u>929,164</u>	<u>1,667,249</u>
Income tax at the statutory tax rate of 10%	92,916	166,725
Tax effects of expenses not recognized in the tax balance	17,359	9,806
Tax effects of the change in the tax rate	146,567	-
Tax credit for capital expenditures		
- from the current year	(56,116)	(81,514)
- from prior years	-	(8,332)
Other	781	271
	<u>201,507</u>	<u>86,956</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

14. INCOME TAXES (Continued)

c) Table of movements on deferred tax assets and liabilities

Deferred tax liabilities relate to temporary differences between the base at which property, plant, equipment and investment property are recognized for tax purposes and their carrying values shown in the Company's financial statements.

	December 31, 2012	December 31, 2011
<i>Deferred tax liabilities</i>		
Balance, January 1	294,038	296,928
Difference between the tax purpose and accounting depreciation and amortization	(2,933)	-
Tax effects of the change in the tax rate	146,567	-
Deferred tax expense/(benefit)	1,757	(2,890)
Balance, December 31	<u>439,429</u>	<u>294,038</u>

d) Realized, unused and unrecognized tax credits

Year of Inception	Year of Expiry	Tax Credit Carryforward	Tax Credits Used	Remaining Tax Credit Carryforward
2003	2013	64,510	8,332	56,178
2004	2014	121,717	-	121,717
2005	2015	106,634	-	106,634
2006	2016	161,173	1,709	159,464
2007	2017	34,140	980	33,154
2008	2018	58,616	952	57,664
2011	2021	81,514	81,514	-
2012	2022	212,294	56,116	156,178
		<u>840,598</u>	<u>149,609</u>	<u>690,989</u>

15. EARNINGS PER SHARE

	Year Ended December 31, 2012	Year Ended December 31, 2011
Net profit attributable to owners	727,657	1,580,293
Average weighted number of shares	<u>34,289,350</u>	<u>34,289,350</u>
Basic earnings per share (in RSD)	<u>21.22</u>	<u>46.09</u>

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

16. PROPERTY, EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS

	Land	Buildings	Equipment	Livestock	Construction in Progress and Advances	Total	Investment Property	Intangible Assets
Cost								
Balance, January 1, 2011	9,034,813	10,222,137	1,853,435	519	215,174	21,336,078	14,332	21,175
Additions	-	-	-	-	476,938	476,938	-	7,649
Transfer from construction in progress	-	2,623	344,030	-	(346,863)	-	-	-
Sale, disposal and retirement	-	-	(51,580)	(51)	-	(31,631)	-	-
Other	-	-	-	(48)	-	(48)	144	-
Balance, December 31, 2011	9,034,813	10,224,660	2,175,885	422	345,229	21,781,309	14,476	26,824
Balance, January 1, 2012	9,034,813	10,224,660	2,175,885	422	345,229	21,781,309	14,476	26,824
Additions	-	-	-	-	1,250,311	1,250,311	-	3,819
Transfer from construction in progress	-	178,853	627,194	-	(805,957)	-	-	-
Sale, disposal and retirement	-	-	(9,117)	-	-	(9,117)	-	-
Other	-	-	-	(72)	(17,117)	(17,189)	6,318	-
Balance, December 31, 2012	9,034,813	10,403,613	2,793,872	350	772,466	23,005,314	20,794	32,643
Accumulated Depreciation/Amortization								
Balance, January 1, 2011	-	402,047	399,547	-	12,691	724,285	-	20,314
Charge for the year	-	378,637	253,471	-	-	632,108	-	2,276
Other	-	-	-	-	-	-	-	-
Sale and disposal	-	-	(10,016)	-	-	(10,016)	-	-
Balance, December 31, 2011	-	780,684	553,002	-	12,691	1,346,377	-	22,590
Balance, January 1, 2012	-	780,684	553,002	-	12,691	1,346,377	-	22,590
Charge for the year	-	338,434	293,009	-	-	631,443	-	2,330
Sale and disposal	-	-	(6,895)	-	-	(6,895)	-	-
Balance, December 31, 2012	-	1,166,118	834,126	-	12,691	2,005,935	-	24,920
Net Book Value								
December 31, 2012	9,034,813	9,234,695	1,969,746	350	759,775	20,999,379	20,794	7,723
December 31, 2011	9,034,813	9,444,276	1,622,683	422	332,538	20,434,932	14,476	6,234

AERODROM "NIKOLA TESLA" A.D., BEOGRAD

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

16. PROPERTY, EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS (Continued)

Increase in investment/construction in progress and advances paid of RSD 1,250,311 thousand mostly relate to the reconstruction and extension of the existing passenger lounges and the airside concourses A and C totaling RSD 514,943 thousand, as well as purchase of two snow removal tow trucks amounting to RSD 110,734 thousand.

Net book value of equipment stated as of December 31, 2012 in the amount of RSD 1,969,746 thousand includes assets acquired under finance lease arrangements of RSD 175,471 thousand.

17. EQUITY INVESTMENTS

	December 31, 2012	December 31, 2011
Equity investments in banks:		
Privredna banka a.d., Beograd	101	202
Equity investments in banks in liquidation:		
Union banka a.d., Beograd - <i>in liquidation</i>	667	667
Beogradska banka a.d., Beograd - <i>in liquidation</i>	18,988	18,988
Beobanka a.d., Beograd - <i>in liquidation</i>	38	38
	<u>19,693</u>	<u>19,693</u>
Equity investments in enterprises:		
Société International de Télécommunications Aéronautiques Swisse (SITA)	2	3
<i>Less:</i> Allowance for impairment of equity investments in banks in liquidation	<u>(19,693)</u>	<u>(19,693)</u>
	<u>103</u>	<u>205</u>

18. OTHER LONG-TERM FINANCIAL INVESTMENTS

	December 31, 2012	December 31, 2011
Membership with Société International de Télécommunications Aéronautiques Swisse (SITA)	4,413	3,913
Long-term deposits	4,088	11,285
Long-term loans approved to employees	<u>358,268</u>	<u>435,780</u>
	<u>366,769</u>	<u>450,978</u>
Current portion of long-term investments in Société International de Télécommunications Aéronautiques Swisse (SITA)	(348)	(306)
Current portions of long-term deposits	(4,088)	(7,523)
Current portion of long-term loans approved to employees	(16,523)	(18,211)
Fair value adjustment of long-term loans to employees	<u>(177,079)</u>	<u>(329,129)</u>
	<u>158,731</u>	<u>95,809</u>

Long-term deposits stated in the amount of RSD 4,088 thousand as of December 31, 2012 (including the current portion of RSD 4,088 thousand) relate to the foreign currency deposit placed with Piraeus banka a.d., Beograd as collateral for a long-term borrowing repayment. The deposit accrues interest at an annual rate of 0.5%.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

18. OTHER LONG-TERM FINANCIAL INVESTMENTS

Long-term loans to employees sated at December 31, 2012 as totaling RSD 358,268 thousand (including current portions of RSD 16,523 thousand and effects of fair value adjustments of RSD 177,079 thousand) relate to loans approved to employees to resolve their housing issues, maturing over a period from 20 to 40 years.

Depending on the terms under which these loans were approved, the Company distinguishes 5 types of receivables arising from housing loans extended, as follows:

- Receivables for housing loans approved at the annual interest rate of 0.5% that are revalued annually, totaling RSD 62,562 thousand as of December 31, 2012;
- Receivables for housing loans approved at the annual interest rate of 0.5% that are currency clause indexed, totaling RSD 100,312 thousand as of December 31, 2012;
- Receivables for housing loans approved interest-free that are revalued semi-annually, totaling RSD 295 thousand as of December 31, 2012;
- Receivables for housing loans approved interest-free that are revalued annually (solidarity fund apartments), totaling RSD 1,448 thousand as of December 31, 2012; and
- Receivables for housing loans approved at the annual interest rate of 1% that are not revalued, totaling RSD 49 thousand as of December 31, 2012.

As of April 26, 2012, pursuant to the Board of Directors Decision no. 04-52/1, the housing loan beneficiaries per loan agreements executed between 2004 and 2006 were offered amended contractually defined loan repayment terms. In the previous period, the aforesaid loan agreements were denominated in RSD and revalued by applying consumer price index. Given that such revaluation index is not officially published, the existing loan agreements were replaced with agreements containing currency clause (EUR). According to the aforesaid, and based on the assessment of receivables arising from the housing loans approved performed by the Scientific Research Center of the Faculty of Economics in Belgrade, in the financial year 2012, the Company recorded and accounted for the income from reversal of impairment allowance of housing loans due to introduction of currency clause in the total amount of RSD 70,202 thousand (Note 13). In addition, fair value adjustment of long-term loans in the year 2012, by applying the discount rate of 10.2 %, amounted to RSD 97,482 thousand (Notes 12 and 13). In order to securitize timely loan repayment, the employee salary garnishment was imposed and the loan agreements stipulate mortgage registration in favor of the Company upon the reception of apartments by the employees.

19. INVENTORIES AND ADVANCES PAID

	December 31, 2012	December 31, 2011
Materials	89,891	93,723
Spare parts	6,919	8,813
Small tools and fixtures	5,642	3,377
Goods in warehouse	54,038	46,785
Goods in duty free shop	36	27
Advances paid	3,790	4,203
	<u>160,114</u>	<u>156,908</u>
Less: Allowance for impairment - of materials and spare parts	<u>(100)</u>	<u>(285)</u>
	<u>160,014</u>	<u>156,623</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

20. ACCOUNTS RECEIVABLE

	December 31, 2012	December 31, 2011
Accounts receivable:		
- domestic	3,380,099	2,006,680
- foreign	407,133	423,607
Interest receivables, domestic	22,046	21,842
Receivables from employees	1,366	1,291
Other receivables	29,188	30,493
	<u>3,839,832</u>	<u>2,483,913</u>
Less: Allowance for impairment of		
- domestic accounts receivable	(2,358,077)	(835,156)
- foreign accounts receivable	(13,250)	(16,331)
- interest receivables	(21,789)	(20,472)
	<u>(2,393,116)</u>	<u>(871,959)</u>
	<u>1,446,716</u>	<u>1,611,954</u>

Accounts receivable totaling RSD 3,839,832 thousand as of December 31, 2012 included receivables due from JAT Airways a.d., Beograd totaling RSD 2,974,126 thousand and penalties of RSD 17,483 thousand. In 2012, following the recoverability of receivables assessment, the Company's management adopted a Decision to provide for uncollected receivables from JAT Airways a.d., Beograd that are over 60 days past-due, totaling RSD 1,846,543 thousand, whereof the amount of RSD 1,105 thousand accounts for interest receivables. The Company's management believes that the remaining amount of receivables outstanding due from JAT Airways a.d., Beograd of RSD 859,338 thousand will be collected in the forthcoming period. Accordingly, measures have been taken to collect receivables of RSD 593,286 thousand pursuant to the Debt Settlement Agreement.

Other receivables stated as of December 31, 2012 as amounting to RSD 29,188 thousand (December 31, 2011: RSD 28,066 thousand) mostly, in the amount of RSD 23,033 thousand, pertain to interest receivables from banks based on short-term deposits.

21. SHORT-TERM FINANCIAL INVESTMENTS

	December 31, 2012	December 31, 2011
Short-term loans to employees	36,246	30,312
Short-term deposits	1,639,674	2,424,353
Current portions of long-term loans to employees	16,523	7,523
Current portions of long-term deposits	4,088	18,211
Current portions of long-term investments in Société International de Télécommunications Aéronautiques Suisse (SITA)	348	306
	<u>1,696,879</u>	<u>2,480,705</u>
Less: Fair value adjustment of loans to employees	(539)	(2,091)
	<u>1,696,340</u>	<u>2,478,614</u>

Short-term deposits are provided in the following breakdown:

	December 31, 2012	December 31, 2011
Komercijalna banka a.d., Beograd	1,432,851	1,747,503
Hypo Alpe Adria Bank a.d., Beograd	206,823	24,260
UniCreditbank a.d., Beograd	-	652,590
	<u>1,639,674</u>	<u>2,424,353</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

21. SHORT-TERM FINANCIAL INVESTMENTS (Continued)

Short-term deposits stated as of December 31, 2012 in the amount of RSD 1,639,674 thousand pertain to the one-year maturity term deposits held with domestic banks at an interest rate ranging from 4.1% to 5.25% annually, which are re-termed following the maturity expiry.

22. CASH AND CASH EQUIVALENTS

	December 31, 2012	December 31, 2011
Current account	68,217	16,059
Foreign currency account	203,457	109,394
Cash on hand	43	390
Other cash	678	1,020
	<u>272,395</u>	<u>126,863</u>
Less: Allowance for impairment of foreign currency assets held with banks in liquidation	<u>(58,012)</u>	<u>(53,559)</u>
	<u>214,383</u>	<u>73,304</u>

23. MOVEMENTS ON ALLOWANCES FOR IMPAIRMENT

	Cash and Cash Equivalents (Note 22)	Long-Term Financial Investments (Note 18)	Inventories of Material and Spare Parts (Note 19)	Accounts Receivable (Note 20)	Short-Term Financial Investments (Note 21)	Total
Balance, January 1, 2011	53,743	307,285	258	205,775	950	568,011
Charge for the year (Note 13)	-	-	27	680,662	-	680,689
Impairment of long-term investments and securities (Note 13)	-	22,373	-	-	1,888	24,261
Collected receivables previously provided for (Note 12)	-	-	-	(11,146)	-	(11,146)
Value adjustments	(184)	(331)	-	(1,251)	(747)	(2,513)
Write-off	-	-	-	(2,047)	-	(2,047)
Foreign exchange losses	-	-	-	(34)	-	(34)
Other	-	(195)	-	-	-	(195)
Balance, December 31, 2011	<u>53,559</u>	<u>329,129</u>	<u>285</u>	<u>871,959</u>	<u>2,091</u>	<u>1,257,023</u>
Charge for the year (Note 13)	-	-	-	1,715,732	-	1,715,732
Impairment of long-term investments and securities (Note 13)	-	211	-	-	-	211
Collected receivables previously provided for (Note 12)	-	-	-	(191,976)	-	(191,976)
Value adjustments	-	(97,593)	-	-	-	(97,593)
Write-off	-	-	-	(3,514)	(285)	(3,799)
Write-off of impairment allowance based on currency clause introduction (Note 12)	-	(53,602)	-	-	-	(53,602)
Foreign exchange losses	4,453	-	-	945	-	5,398
Other	-	(988)	(185)	(30)	(1,267)	(2,448)
Balance, December 31, 2012	<u>58,012</u>	<u>177,079</u>	<u>100</u>	<u>2,393,116</u>	<u>539</u>	<u>2,628,846</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

24. VALUE ADDED TAXES AND PREPAYMENTS

	December 31, 2012	December 31, 2011
Value added tax	51,437	18,848
Accrued insurance premium	12,887	9,344
Accrued construction land utility fees (Note 28)	106,662	112,201
Other prepayments	2,662	3,978
	<u>173,448</u>	<u>144,371</u>

25. SHARE CAPITAL

Based on the Law on Supplements and Amendments of the Law Regulating the Right to Free-of-Charge Shares and Cash Compensation Exercised by Citizens in the Privatization Procedure, the Company was bound to change its legal form by June 30, 2010 and state its core capital in shares of certain par value based on the restated carrying value of capital. During 2010, in the Conclusion of the Government of the Republic of Serbia (hereinafter the "Government") number 023-448/2010-1, the Company was suggested to choose most favorable consultant to assess the capital's market value and provide professional assistance in the preparation and implementation of the legal form transformation from a public company into a shareholding company.

As of June 17, 2010, the Government enacted a Decision number 023-4432/2010 on the change of the Company's legal form from a public company into a closed shareholding company.

The aforementioned change was registered with the Serbian Business Registers Agency number BD 68460/2010 as of June 22, 2010 whereby the subscribed capital totaled EUR 214,566,965 or RSD 20,573,610 thousand as of the subscription date.

As of July 7, 2010, a number of 34,289,350 shares were registered with the Central Securities Depository and Clearing House where the individual share par value totaled RSD 600 and at December 31, 2010 shares were held by the Republic of Serbia.

In accordance with the Law Regulating the Right to Free-of-Charge Shares and Cash Compensation Exercised by Citizens in the Privatization Procedure (Official gazette of the Republic of Serbia nos. 123/07 and 30/10) and based on the Government's Decision numbered 023-9103/2010-1, as of December 9, 2010, citizens of the Republic of Serbia and the Company's former and present employees were granted vested rights to 16.85% of the ownership interest in the Company.

Based on the data obtained from the Central Securities Depository and Clearing House, at January 25, 2011, the share capital structure following the ownership interest transfer was as follows:

	Value in RSD '000	Share Count	Interest %
Republic of Serbia	17,107,193	28,511,988	83.15%
Present and former employees of the Company	574,004	956,673	2.79%
Citizens of the Republic of Serbia	2,892,413	4,820,689	14.06%
	<u>20,573,610</u>	<u>34,289,350</u>	<u>100.00%</u>

As of January 21, 2011, the Company's Assembly enacted Decision no. 21-2/1 on the change of legal form from a closed shareholding company into an open shareholding company. The change was duly registered with the Serbian Business Registers Agency under Decision numbered BD 7651/2011 dated January 24, 2011.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

25. SHARE CAPITAL (Continued)

Based on the data obtained from the Central Securities Depository and Clearing House, at December 31, 2012 and 2011, the share capital structure was as follows:

	December 31, 2012			December 31, 2011		
	Value in RSD '000	Share Count	Interest %	Value in RSD '000	Share Count	Interest %
Republic of Serbia	17,089,037	28,481,728	83.06%	17,089,186	28,481,977	83.06%
Domestic private individuals	2,289,446	3,815,744	11.13%	2,465,849	4,109,749	11.99%
Domestic legal entities	150,958	251,596	0.73%	138,827	231,378	0.67%
Foreign private individuals	5,131	8,551	0.02%	4,736	7,893	0.02%
Foreign legal entities	291,282	485,470	1.42%	260,065	433,442	1.26%
Custody entities	747,756	1,246,281	3.63%	614,947	1,024,911	2.99%
	<u>20,573,610</u>	<u>34,289,350</u>	<u>100.00%</u>	<u>20,573,610</u>	<u>34,289,350</u>	<u>100.00%</u>

Profit Distribution

As of June 28, 2012, the Company's Assembly enacted Decision on 2011 Profit Distribution of RSD 1,580,293 thousand. A portion of profit, in the amount of RSD 987,533 thousand, was distributed to the founder (through dividend payment) whereas the employees, based on the contribution to the company's performance and overall achievement, received RSD 56,328 thousand. The remaining RSD 536,432 thousand was transferred to the Company's reserves.

26. LONG-TERM PROVISIONS

	December 31, 2012	December 31, 2011
Provisions for employee retirement benefits	39,167	36,102
Provisions for jubilee awards	55,842	24,654
Provisions for litigations	116,699	107,118
	<u>211,708</u>	<u>167,874</u>

The movements on long-term provisions for employee retirement benefits, jubilee awards and litigations in 2012 and 2011 are presented in the following table:

	Long-Term Provisions			Total
	Retirement Benefits	Jubilee Awards	Litigations	
Balance, January 1, 2011	26,594	19,904	94,078	140,576
Charge for the year (Note 9)	10,141	6,293	15,330	31,764
Release of provisions	(633)	(1,543)	(2,290)	(4,466)
Balance, December 31, 2011	<u>36,102</u>	<u>24,654</u>	<u>107,118</u>	<u>167,874</u>
Balance, January 1, 2012	36,102	24,654	107,118	167,874
Charge for the year (Note 9)	4,771	33,638	36,000	74,409
Reversal of provisions (Note 12)	(31)	(120)	(24,419)	(24,570)
Release of provisions	(1,675)	(2,330)	(2,000)	(6,005)
Balance, December 31, 2012	<u>39,167</u>	<u>55,842</u>	<u>116,669</u>	<u>211,708</u>

AERODROM "NIKOLA TESLA" A.D., BEOGRAD

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

27. LONG-TERM BORROWINGS

	December 31, 2012	December 31, 2011
Long-term borrowings		
- domestic	4,100	11,318
- foreign	1,120,405	1,118,192
	<u>1,124,505</u>	<u>1,129,510</u>
Current portion of long-term borrowings	(98,889)	(94,768)
	<u>1,025,616</u>	<u>1,034,742</u>

	Annual Interest Rate	Maturity	Outstanding Amount in EUR	December 31, 2012	December 31, 2011
<i>a) Long-term domestic borrowings</i>					
Piraeus Banka a.d., Beograd	4.5%	May 26, 2013	35,948	4,100	11,318
<i>b) Foreign long-term borrowings</i>					
European Investment Bank	4.07% - 5.16%		9,822,984	1,120,405	1,118,192
Current portion of long-term borrowings:					
- domestic				(4,100)	(7,846)
- foreign				(94,789)	(87,222)
				<u>(98,889)</u>	<u>(94,768)</u>
				<u>1,025,616</u>	<u>1,034,742</u>

Long-term domestic loans stated as of December 31, 2012 as totaling RSD 4,100 thousand entirely relate to financing apartment building for the needs of the Company's employees.

Long-term loans stated in the balance sheet as of December 31, 2012 in the amount of RSD 1,120,405 thousand (EUR 9,822,984) refer to payables based on financing the Emergency Traffic Rehabilitation Project closed on December 13, 2001 among the European Investment Bank ("EIB"), the Republic of Serbia, the Road Directorate of the Republic of Serbia and the Company. Based on the Agreement, the Company was approved a loan of EUR 13,000,000 for the investments into and rehabilitation of airport infrastructure (studies, research and development, road and parking repair, investments in terminal, airport access area, equipment, evacuation system, luggage control and spare parts). The loan matures over the period ending 2025. The applicable interest rate is determined upon the approval of each loan tranche and so the annual interest rate for the first tranche totals 5.16%, for the second tranche 4.85% and 4.07% is the rate applied to the third tranche. The repayment of the first loan tranche shall be executed in 31 equal semi-annual installments starting from December 5, 2007, the second tranche is to be repaid in 30 equal semi-annual installments starting from February 20, 2009 while the third tranche is repayment started from June 20, 2010 and will be performed in 32 equal semi-annual installments.

The maturities of long-term borrowings as of December 31, 2012 and 2011 are presented in the following table:

	December 31, 2012	December 31, 2011
Up to one year	98,889	94,768
From one to two years	94,789	90,996
From two to three years	94,789	87,223
From three to four years	94,789	87,223
From four to five years	94,789	87,223
From five to ten years	473,945	436,111
Over ten years	172,515	245,966
	<u>1,124,505</u>	<u>1,129,510</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

28. OTHER LONG-TERM LIABILITIES

	December 31, 2012	December 31, 2011
Finance lease liabilities	120,118	187,675
Other long-term liabilities	106,662	112,201
	<u>226,780</u>	<u>299,876</u>
Current portions of other long-term liabilities	<u>(123,933)</u>	<u>(82,651)</u>
	<u>102,847</u>	<u>217,225</u>

a) Finance Lease Liabilities

	Sum of Minimum Lease Payments		Present Value of Minimum Lease Payments	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Maturity:				
Up to one year	97,106	90,734	90,006	77,112
From one to three years	30,796	117,728	30,112	110,563
	<u>127,902</u>	<u>208,462</u>	<u>120,118</u>	<u>187,675</u>
Less: future cost of financing – interest	<u>(7,784)</u>	<u>(20,787)</u>	<u>-</u>	<u>-</u>
Present value of minimum lease payments	<u>120,118</u>	<u>187,675</u>	<u>120,118</u>	<u>187,675</u>
Included in the financial statements as:				
Current portion of finance lease liabilities			<u>(90,006)</u>	<u>(77,112)</u>
			<u>30,112</u>	<u>110,563</u>

Finance lease liabilities stated as of December 31, 2012 in the amount of RSD 120,118 thousand (less current portion of RSD 90,006 thousand) entirely refer to the liabilities to Hypo Alpe Adria Leasing for the acquisition of special mobile airport equipment. The interest rates applied to finance lease liabilities range between 10.22% to 15.19% annually.

b) Other Long-Term Liabilities

Other long-term liabilities totaling RSD 106,662 thousand (less current portion of RSD 33,927 thousand) as of December 31, 2012, entirely relate to the liabilities based on the Agreement entered into with the Belgrade Land Development Public Agency as of August 17, 2011. The Agreement defines the Company's total liability to the Belgrade Land Development Public Agency based on the construction land utility fees for the purpose of stage extension and reconstruction of Terminals 1 and 2 (extension of the airside concourses A and C as well as reconstruction of the existing passenger lounges and airside concourses at level 1 – stages 1, 2 and 3) and of the level 2 flow corridor and vertical communications – stage 4. The aforesaid liabilities are revalued by applying retail price index effective in the Republic of Serbia as of the payment date.

Stage 1 construction land utility fees were paid in 2011, Stage 2 fees in 2012, whereas the fee liabilities for stages 3 and 4 are due no later than August 17, 2103 and August 17, 2104. The Company recorded liabilities based on the construction land utility fees maturing in 2013 and 2014 as other long-term liabilities and charged them to prepayment account (Note 24).

The payment of the total construction land utility fee liability based on the final calculation for all facilities abovementioned (stages 1, 2, 3 and 4) is a prerequisite for obtaining the facility usage permit.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

29. SHORT-TERM FINANCIAL LIABILITIES		
	December 31,	December 31,
	2012	2011
Current portions of:		
- long-term borrowings	98,889	94,768
- other long-term liabilities	123,933	82,651
	<u>222,822</u>	<u>177,419</u>
30. ACCOUNTS PAYABLE		
	December 31,	December 31,
	2012	2011
Accounts payable:		
- domestic	157,912	107,649
- foreign	47,362	41,614
Advances received	35,657	33,549
Other accounts payable	6,314	11,466
	<u>247,245</u>	<u>194,478</u>
31. OTHER CURRENT LIABILITIES		
	December 31,	December 31,
	2012	2011
Liabilities for salaries	278	168
Interest payable	-	44
Liabilities arising from profit distribution	3	627
Other current liabilities	2,936	262
	<u>3,217</u>	<u>1,101</u>
32. VALUE ADDED TAX, OTHER DUTIES PAYABLE AND ACCRUALS		
	December 31,	December 31,
	2012	2011
Value added tax payable	-	14,842
Customs and other duties payable	791	440
Accrued expenses	31,503	30,602
Deferred income	24,791	10,046
Other accruals	3,178	605
Other liabilities	1,965	1,360
	<u>62,228</u>	<u>57,895</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

33. OFF-BALANCE SHEET ITEMS

	December 31, 2012	December 31, 2011
Guarantees received	479,606	350,017
Guarantees issued for third-party liabilities	4,500	12,587
Other	598	582
	<u>484,704</u>	<u>363,186</u>

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital Risk Management

There is no formal framework delineating the Company's risk management. The Company's management considers capital risk and tries to relieve the risk effects, under the assumption that the Company will be able to continue its operations as a going concern, at the same time maximizing profits earned and optimizing debt to equity ratio. The Company's equity is comprised of debts, including long-term borrowings (explained in Note 27), as well as other long-term liabilities, cash and cash equivalents and equity comprised of share capital, reserves and retained earnings.

Persons in control of finances on the Company level review the equity structure on annual basis. As part of this review, the Company's management considers the cost of capital and the risks associated with each class of capital.

The gearing ratios at the year-end were as follows:

	December 31, 2012	December 31, 2011
Debt a)	1,351,285	1,429,386
Cash and cash equivalents	214,383	73,304
Net debt	<u>1,136,902</u>	<u>1,356,082</u>
Equity b)	<u>22,598,763</u>	<u>22,914,998</u>
Debt to equity ratio	<u>0.05</u>	<u>0.06</u>

a) Debt is related to long-term borrowings, other long-term liabilities and finance lease liabilities.

b) Equity includes share capital, reserves, unrealized losses on securities and retained earnings.

Significant Accounting Policies Regarding Financial Instruments

The review of significant accounting policies, including the basis for measurement and recognition of income and expenses for each category of financial assets and financial liabilities, is set out in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Categories of Financial Instruments

	December 31, 2012	December 31, 2011
Financial assets		
Equity investments	103	205
Other long-term financial investments	168,731	95,809
Accounts receivable	1,415,905	1,578,800
Short-term financial investments and loans	1,696,340	2,478,614
Other receivables	28,088	30,364
Cash and cash equivalents	214,383	73,304
	<u>3,523,550</u>	<u>4,257,096</u>
Financial liabilities		
Long-term borrowings	1,025,616	1,034,742
Other long-term liabilities	102,847	217,225
Current portions of long-term financial liabilities	222,822	177,419
Accounts payable	211,587	160,929
	<u>1,562,872</u>	<u>1,590,315</u>

Basic financial instruments held by the Company comprise cash and cash equivalents, receivables, financial investments arising directly from the Company's business operations, as well as long-term borrowings, accounts payable and other liabilities primarily used to finance the Company's current operations. In the regular course of business, the Company is exposed to the risk enumerated and delineated in the following passages.

Financial Risk Management

Financial risks include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. These risks are considered on time basis and are diminished by decreasing relevant exposures. The Company does not make use of any financial instruments so as to avoid the adverse effect of these risks on the Company's business operations, due to the fact that such instruments are not commonly used on the Republic of Serbia market, nor is there an organized market for such instruments in the Republic of Serbia.

Market Risk

In its business operations, the Company is exposed to financial risks inherent in fluctuations of foreign currency rates and interest rates.

The exposure to market risk is measured by means of the sensitivity analysis. There were significant changes neither in the exposure of the Company to the market risk, nor in the manner in which the Company manages or measures that risk.

Foreign Currency Risk

The Company is exposed to foreign currency risks inherent in cash and cash equivalents, accounts receivable, long-term borrowings, finance lease liabilities and accounts payable denominated in foreign currency. It does not make use of any special hedging instruments given that such instruments are uncommon in the Republic of Serbia.

The stability of economic environment in which the Company operates is greatly dependent upon the economic measures taken by the Republic of Serbia's Government including the establishment of an adequate legal and legislative framework.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Market Risk (Continued)

Foreign Currency Risk (Continued)

The carrying values of the Company's monetary assets and liabilities denominated in foreign currency as of the reporting date were as follows:

	Assets		Liabilities	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
EUR	1,907,634	2,690,970	1,121,202	1,332,764
USD	279,084	211,278	25,064	19,131
CHF	296	272	-	-
GBP	28	-	-	-
	<u>2,187,040</u>	<u>2,902,520</u>	<u>1,286,266</u>	<u>1,351,895</u>

The Company is sensitive to the movements in the Euro (EUR), American Dollar (USD), Swiss Franc (CHF) and Pound Sterling (GBP) exchange rates. The following table gives details on the Company's sensitivity analysis to the increase/decrease of 10% in the Dinar to foreign currency exchange rate. These sensitivity rates were used to report on the foreign currency risk and represent the management's best estimate of reasonably expected fluctuations in exchange rates. The sensitivity analysis includes only the outstanding foreign currency assets and liabilities denominated in foreign currency and it adjusts their translation at the period end for the fluctuation of 10% in foreign exchange rates. The positive number from the table suggests an increase in the result of the current period, being the case when RSD value grows stronger as opposed to the currency at issue. In case of a RSD decrease of 10% against the foreign currency at issue, the impact on the profit for the current period would be the exact opposite of the one calculated in the previous case.

	December 31, 2012							
	EUR impact		USD impact		CHF impact		GBP impact	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
Profit/Loss	78,643	(78,643)	25,402	(25,402)	30	(30)	3	(3)

	December 31, 2011							
	EUR impact		USD impact		CHF impact		GBP impact	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
Profit/Loss	135,821	(135,821)	19,215	(19,215)	27	(27)	-	-

Interest Rate Risk

The Company is exposed to interest rate risk inherent in assets and liabilities with floating interest rate. This risk depends upon the financial market since the Company does not have any instruments that could alleviate its influence.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Market Risk (Continued)

Interest Rate Risk (Continued)

The carrying values of financial assets and liabilities at the end of the period under review are presented in the following table:

	December 31, 2012	December 31, 2011
Financial assets		
<i>Non-interest bearing</i>		
Equity investments	103	205
Other long-term financial investments	4,085	3,607
Short-term financial investments and loans	36,246	30,312
Accounts receivable	1,415,905	1,578,800
Other receivables	28,088	30,364
Cash and cash equivalents	214,383	73,304
	<u>1,698,790</u>	<u>1,716,592</u>
<i>Fixed interest rates</i>		
Other long-term financial investments	164,666	92,202
Short-term financial investments and loans	1,660,094	2,448,302
	<u>1,824,760</u>	<u>2,540,504</u>
	<u>3,523,550</u>	<u>4,257,096</u>
Financial liabilities		
<i>Non-interest bearing</i>		
Other long-term liabilities	72,735	106,662
Current portions of long-term financial liabilities	33,927	5,539
Accounts payable	211,587	160,929
	<u>318,249</u>	<u>273,130</u>
<i>Fixed interest rates</i>		
Long-term borrowings	1,025,616	1,034,742
Current portions of long-term financial liabilities	98,889	94,768
	<u>1,124,505</u>	<u>1,129,510</u>
<i>Variable interest rates</i>		
Other long-term liabilities	30,112	110,563
Current portions of long-term financial liabilities	90,006	77,112
	<u>120,118</u>	<u>187,675</u>
	<u>1,562,872</u>	<u>1,590,315</u>

The sensitivity analysis presented in the following text has been established based on the Company's exposure to interest rate risk inherent in non-derivative instruments as of the balance sheet date. For the liabilities with variable interest rate, the analysis has been prepared under the assumption that the outstanding balance of assets and liabilities as of the balance sheet date remained constant throughout the year. The increase or decrease in interest rates of 1 percentage point represents the fluctuation reasonably anticipated by the management. Had the interest rates been 1 percentage point higher/lower and other variables remained unchanged, the Company would have incurred operating loss/realized profit in the year ended December 31, 2012 in the amount of RSD 1,201 thousand (December 31, 2011: RSD 1,877 thousand). Such situation is ascribed to the Company's exposure arising from the variable interest rates applied to long-term borrowings and other long-term liabilities.

Credit Risk

Managing Accounts Receivable

Credit risk relates to the exposure inherent in the possibility that the contractual party fails to act upon its commitments and cause the Company to suffer financial loss. The Company's exposure to this risk is limited to the amount of accounts receivable as of the balance sheet date. Accounts receivable are due from a large number of customers with the most considerable portion due from JAT Airways a.d., Beograd in the gross amount of RSD 2,974,126 thousand (December 31, 2011: RSD 1,638,743 thousand).

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Credit Risk (Continued)

Managing Accounts Receivable (Continued)

The most significant customers are presented in the following table:

	December 31, 2012	December 31, 2011
JAT Airways, Beograd	2,974,126	1,638,743
JAT Tehnika, Beograd	158,275	144,772
Montenegro Airlines, Podgorica	75,526	90,109
Wizz Air, Hungary	58,118	65,282
Deutsche Lufthansa	32,894	48,087
Internacional CG, Beograd	41,452	41,452
Dufry d.o.o., Beograd	37,743	32,123
JAT Katering, Beograd	28,671	28,621
Austrian Airlines Branch Office, Beograd	29,142	26,997
Swiss International	27,561	24,004
Spainair Barcelona	24	23,085
Turkish Airlines, Istanbul	21,048	13,629
Air France	13,108	13,369
Norwegian Air	8,481	12,529
Aeroflot	14,416	12,314
Alitalia-compagnia aerea italiana S.P.A., Beograd	18,157	12,273
Other customers	248,490	202,898
	<u>3,787,232</u>	<u>2,430,287</u>
<i>Less:</i> Allowance for impairment of accounts receivable	<u>(2,371,327)</u>	<u>(851,487)</u>
	<u>1,415,905</u>	<u>1,578,800</u>

The structure of accounts receivable as of December 31, 2012 is presented in the following table:

	Gross Exposure	Allowance for Impairment	Net Exposure
Accounts receivable, not matured	457,879	-	457,879
Accounts receivable, matured and provided for	2,371,327	(2,371,327)	-
Accounts receivable, matured but not provided for	958,026	-	958,026
	<u>3,787,232</u>	<u>(2,371,327)</u>	<u>1,415,905</u>

The structure of accounts receivable as of December 31, 2011 is presented in the following table:

	Gross Exposure	Allowance for Impairment	Net Exposure
Accounts receivable, not matured	443,300	-	443,300
Accounts receivable, matured and provided for	851,487	(851,487)	-
Accounts receivable, matured but not provided for	1,135,500	-	1,135,500
	<u>2,430,287</u>	<u>(851,487)</u>	<u>1,578,800</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Credit Risk (Continued)

Managing Accounts Receivable (Continued)*Accounts Receivable, not Matured*

Accounts receivable, not matured as of December 31, 2012 in the amount of RSD 457,879 thousand (December 31, 2011: RSD 443,300 thousand) mostly refer to accounts receivable from JAT Airways a.d., Beograd, Austrian Airline Branch office and the following foreign customers: Wizz Air, Hungary, Flydubai, Dubai and Deutsche Lufthansa. The average days' sales outstanding in 2012 counted 86 days (2011: 87 days).

Accounts Receivable, Matured and Provided for

In the previous periods, the Company calculated an allowance for impairment of matured receivables in the amount of RSD 2,371,327 thousand (2011: RSD 851,487 thousand), due from customers whose creditworthiness was assessed to have changed and which are most likely uncollectable.

Accounts Receivable, Matured but not Provided for

The Company did not make an allowance for impairment of receivables matured as of December 31, 2012 in the amount of RSD 958,026 thousand (December 31, 2010: RSD 1,135,500 thousand), whereof the amount of RSD 636,095 thousand refers to receivables over 60 days past-due. The largest portion of receivables matured, not provided for and over 60 days past-due pertains to JAT Airways a.d., Beograd totaling RSD 593,286 thousand (Note 20).

The aging structure of accounts receivable matured but not provided for is presented in the following table:

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Less than 30 days	186,123	194,693
From 31 to 60 days	135,808	186,486
From 61 to 90 days	17,877	105,751
From 91 to 180 days	10,599	115,616
Over 180 days	<u>607,619</u>	<u>532,954</u>
	<u>958,026</u>	<u>1,135,500</u>

Managing Accounts Payable

Accounts payable as of December 31, 2012 were stated in the amount of RSD 205,274 thousand (December 31, 2011: RSD 149,463 thousand) where the major portion relates to the payables arising from regular operations. Suppliers do not charge penalty against matured liabilities, whereas the Company duly settles accounts payable, as in accordance with financial risk management policies. The average days' payable outstanding in the course of 2012 counted 37 days (2011: 26 days).

Liquidity Risk

The ultimate responsibility for liquidity risk management rests with the Company's management, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserve, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Liquidity Risk (Continued)

Tables of Liquidity and Credit Risk

The following tables provide the details of outstanding contractual maturities of assets of the Company. The amounts presented are based on the undiscounted cash flows arising from financial assets based on the earliest date upon which the Company will be able to collect such receivables.

Maturities of Financial Assets

	December 31, 2012					Total
	Less than 1 Month	From 1 to 3 Months	From 3 Months to 1 Year	From 1 to 5 Years	Over 5 Year	
Non-interest bearing	1,172,369	490,086	32,167	2,115	2,053	1,698,790
Fixed interest rate						
- principal	342,856	848,752	468,487	113,620	51,045	1,824,760
- interest	16,092	39,793	21,456	4,117	9,880	91,338
	<u>1,531,317</u>	<u>1,378,631</u>	<u>522,110</u>	<u>119,852</u>	<u>62,978</u>	<u>3,614,888</u>
	December 31, 2011					
	Less than 1 Month	From 1 to 3 Months	From 3 Months to 1 Year	From 1 to 5 Years	Over 5 Year	Total
Non-interest bearing	1,051,383	33,141	28,256	1,990	1,822	1,716,592
Fixed interest rate						
- principal	1,425,995	443,812	578,496	62,832	29,369	2,540,504
- interest	585	358	1,614	7,716	24,355	34,628
	<u>3,077,963</u>	<u>477,311</u>	<u>608,366</u>	<u>72,538</u>	<u>55,546</u>	<u>4,291,724</u>

The following tables present details of outstanding contractual maturities of the Company's financial liabilities. The amounts presented are based on the non-discounted cash flows from financial liabilities based on the earliest date upon which the Company's may be expected to settle such liabilities.

Maturities of Financial Liabilities

	December 31, 2012					Total
	Less than 1 Month	From 1 to 3 Months	From 3 Months to 1 Year	From 1 to 5 Years	Over 5 Year	
Non-interest bearing	198,893	6,381	33,927	72,736	-	311,936
Fixed interest rate						
- principal	-	17,974	80,915	474,061	551,555	1,124,505
- interest	36	9,477	47,384	179,739	78,514	315,150
Variable interest rate						
- principal	7,501	15,001	67,504	30,112	-	120,118
- interest	1,500	2,974	10,248	1,951	-	16,673
	<u>207,930</u>	<u>51,807</u>	<u>239,978</u>	<u>758,598</u>	<u>630,069</u>	<u>1,888,382</u>
	December 31, 2011					
	Less than 1 Month	From 1 to 3 Months	From 3 Months to 1 Year	From 1 to 5 Years	Over 5 Year	Total
Non-interest bearing	149,507	-	5,539	108,862	-	261,708
Fixed interest rate						
- principal	-	12,382	82,388	352,663	682,079	1,129,510
- interest	43	9,184	43,036	151,527	131,854	332,644
Variable interest rate						
- principal	6,442	12,851	67,819	110,563	-	187,675
- interest	1,398	11	4	7,185	-	8,578
	<u>157,390</u>	<u>31,428</u>	<u>188,784</u>	<u>728,580</u>	<u>813,933</u>	<u>1,920,115</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Fair Value of Financial Instruments

The following table represents the present value of financial assets and liabilities and their fair value as of December 31, 2012 and 2011.

	December 31, 2012		December 31, 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Equity investments	103	103	205	205
Other long-term financial investments	168,731	168,731	95,809	95,809
Short-term financial investments and loans	1,696,340	1,696,340	2,478,614	2,478,614
Accounts receivable	1,415,905	1,415,905	1,578,800	1,578,800
Other receivables	28,088	28,088	30,364	30,364
Cash and cash equivalents	214,383	214,383	73,304	73,304
	<u>3,523,550</u>	<u>3,523,550</u>	<u>4,257,096</u>	<u>4,257,096</u>
Financial liabilities				
Long-term borrowings	1,025,616	1,025,616	1,034,742	1,034,742
Other long-term liabilities	102,847	102,847	217,225	217,225
Current portions of long-term financial liabilities	222,822	222,822	177,419	177,419
Accounts payable	211,587	211,587	160,929	160,929
	<u>1,562,872</u>	<u>1,562,872</u>	<u>1,590,315</u>	<u>1,590,315</u>

Assumptions for the Assessment of Financial Instruments' Fair Value

Given that the sufficient market experience, stability and liquidity do not presently exist for the purchase and sale of financial assets or liabilities, and given that the quoted prices, which could be used for the purposes of disclosing fair value of financial assets and liabilities are unavailable, the method here applied is that of discounted cash flows for long-term loans. In using this method of measurement, interest rates for financial instruments with similar characteristics have been used, with the aim to arrive at the relevant assessment of market values of financial instruments as of the balance sheet date. In addition, the assessment of current fair value relied also upon the assumption that the carrying value of short-term receivables and payables approximates their fair value as these are due for settlement within relatively short notice.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Fair Value of Financial Instruments (Continued)

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Financial assets				
<i>Available for sale:</i>				
- listed securities (Note 17)	101	-	-	101
- unlisted securities	-	-	-	-
Long-term loans to employees	-	-	180,650	181,189
Total	101	-	180,650	181,209
	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Financial assets				
<i>Available for sale:</i>				
- listed securities (Note 17)	202	-	-	202
- unlisted securities	-	-	-	-
Long-term loans to employees	-	-	104,560	104,560
Total	202	-	104,560	104,762

The table above only includes financial assets as the Company has no financial liabilities subsequently measured at fair value.

All gains and losses included in other comprehensive income relate to financial assets available for sale, and are reported as 'unrealized gains on securities.'

35. REMUNERATIONS TO MANAGEMENT

In 2012, the Company paid remunerations to key management comprised of the Board of Directors, Supervisory Board members, Shareholders' Assembly members as well as directors and other managers (2012: total of 23; 2011: total of 25) in the gross amount of RSD 45,951 thousand (2011: RSD 40,613 thousand).

	December 31, 2012	December 31, 2011
Management		
Salaries	32,312	28,208
Profit distribution	1,192	1,173
	33,504	29,381
Remunerations to the Board of Directors	7,013	6,172
Remunerations to the Supervisory Board members	1,352	1,177
Remunerations to the Shareholders' Assembly members	4,082	3,883
	45,951	40,613

36. TAXATION RISKS

The Republic of Serbia tax legislation is subject to varying interpretations, and legislative changes occur frequently. The interpretation of tax legislation by tax authorities as applied to the transactions and activities of the Company may not concur with the views of the Company's management. Consequently, transactions may be challenged by the relevant tax authorities and the Company could be assessed additional taxes, penalties and interest. The fiscal periods remain open for review by the tax and customs' authorities with regard to the tax-paying entity's tax liabilities for a period of five years. This practically means that tax authorities can demand payment of outstanding liabilities in the period of five years from the origination of the liability.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

All amounts are expressed in thousands of RSD, unless otherwise stated.

37. LITIGATION

As of December 31, 2012, there were legal suits filed against the Company with claims totaling RSD 280,433 thousand (without penalty interest). The amount of final losses on litigations may be increased by the amount of penalty interest accrued until the date of final resolution of these lawsuits, i.e. date of payment settlement of liabilities arising thereof. As of December 31, 2012, the Company formed provisions against the potential losses on litigations in the amount of RSD 116,699 thousand (Note 26). In the assessment of the Company's management, no additional materially significant losses in this respect are anticipated in the ensuing period.

38. EXCHANGE RATES

The official exchange rates for major currencies determined in the interbank foreign exchange market and used in the translation of balance sheet components denominated in foreign currencies into dinars were as follows:

	<u>December 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
USD	86.1763	80.8662
EUR	113.7183	104.8409
CHF	94.1922	85.9121
GBP	139.1901	124.8022



11180 Beograd 59, Srbija
T: +381 11 209 4802
F: +381 11 2286 187
E: kabinet@beg.aero
www.beg.aero
SITA: BEGOWXH

TRANSLATION

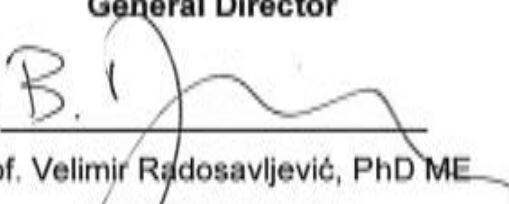
STATEMENT

Hereby we state that, according to our best knowledge, the annual statement is drafted in line with appropriate international standards of financial reporting and that it shows true and impartial data on property, obligations, financial position and operating, profits and losses, cash flows and changes on the capital of the Company.

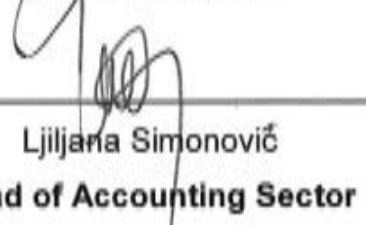
Signed by:

General Director




Prof. Velimir Radosavljević, PhD ME

Financial Director


Ljiljana Simonović

Head of Accounting Sector


Zorka Latinović